



2021 INTERIM REPORT

Anhui Conch Cement Company Limited

(A Share: 600585 H Share: 00914)

1. The Board, Supervisory Committee and Directors, Supervisors and the senior management of the Company warrant that the information in this report, for which they jointly and severally accept legal liability, is truthful, accurate and complete, and does not contain any misrepresentation, misleading statement or material omission.
2. All Directors of the Company attended the ninth meeting of the eighth session of the Board.
3. This interim report is unaudited.
4. Mr. Wang Cheng, the officer-in-charge of the Company, Mr. Wu Bin, officer-in-charge of the accounting function and Ms. Liu Yan, officer-in-charge of the accounting department, have declared that they warrant the financial statements contained herein are true, accurate and complete.
5. During the Reporting Period, there was no appropriation of the Company's funds for non-operating purpose by the controlling shareholder of the Company and its related parties.
6. During the Reporting Period, there was no external guarantee provided in violation of the established decision-making procedures.
7. There does not exist that more than half of the Directors of the Company being unable to warrant the truthfulness, accuracy and completeness of the content of this report.
8. Unless otherwise stated, all financial data in this report are prepared in accordance with the PRC Accounting Standards, and all monetary amounts herein are denominated in RMB.

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Documents for Inspection

- (1) Financial reports bearing the signatures and seals of the officer-in-charge, officer-in-charge of the accounting function and officer-in-charge of the accounting department.
- (2) Originals of all the corporate documents and the announcements of the Company which were disclosed in newspaper designated by the China Securities Regulatory Commission during the Reporting Period.
- (3) A copy of this half-year report of the Company published on the Stock Exchange.

1. Definitions

The following terms and expressions contained in this report shall, unless the context otherwise requires, have the meanings assigned to them as follows:

The Company/Conch Cement	:	Anhui Conch Cement Company Limited
The Group	:	the Company and its subsidiaries
Board	:	the Board of Directors of the Company
Director(s)	:	the Director(s) of the Company
Supervisory Committee	:	the supervisory committee of the Company
Supervisor(s)	:	the supervisor(s) of the Company
Audit Committee	:	the audit committee of the Board
Conch Holdings	:	Anhui Conch Holdings Co., Ltd.
Conch Investment Company	:	Anhui Conch Investment Co., Ltd.
Conch New Materials Company	:	Anhui Conch New Materials Technology Co., Ltd.
Conch Design Institute	:	Anhui Conch Construction Materials Design Institute Co., Ltd.
CV Investment	:	Anhui Conch Venture Investment Co., Ltd.
Conch Venture	:	China Conch Venture Holdings Limited, a company listed on the Stock Exchange (stock code: 0586)
Conch Venture Property	:	Wuhu Conch Venture Property Co., Ltd.
Haibo Intelligent Technology	:	Anhui Haibo Intelligent Technology Co., Ltd.
Hami Hongyi	:	Hami Hongyi Construction Materials Co., Ltd.
Xinli Finance	:	Anhui Xinli Finance Co., Ltd., a company listed on the SSE (stock code: 600318)
WCC	:	West China Cement Limited, a company listed on the Stock Exchange (stock code: 2233)
associate	:	has the meaning ascribed to it under the HKSE Listing Rules

1. Definitions

connected person	:	has the meaning ascribed to it under the HKSE Listing Rules
Regional Committee(s)	:	management unit(s) specially established by organizing certain subsidiaries located in a particular province or neighboring areas into a regional management unit for implementation of regional management in order to strengthen the Company's management over its subsidiaries and enhance management efficiency
Reporting Period	:	the period from 1 January 2021 to 30 June 2021
A Share	:	ordinary shares in the capital of the Company listed on the SSE, with a nominal value of RMB1.00 per share, which are subscribed for and traded in RMB
H Share	:	foreign shares in the capital of the Company listed on the Stock Exchange, with a nominal value of RMB1.00 per share, which are subscribed for and traded in Hong Kong dollars
Stock Exchange	:	The Stock Exchange of Hong Kong Limited
HKSE Listing Rules	:	The Rules Governing the Listing of Securities on the Stock Exchange
SFO	:	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
SSE	:	Shanghai Stock Exchange
SSE Listing Rules	:	The Rules Governing the Listing of Stocks on the SSE
Clinker	:	semi-finished products made in the manufacturing process of cement
Hong Kong	:	Hong Kong Special Administrative Region of the PRC
RMB	:	Renminbi, the lawful currency of the PRC
PRC	:	The People's Republic of China
Articles	:	Articles of Association of the Company

2. Corporate Profile and Major Financial Indicators

- (1) **Official Chinese name of the Company** : 安徽海螺水泥股份有限公司
Abbreviation in Chinese : 海螺水泥
Official English name of the Company : ANHUI CONCH CEMENT COMPANY LIMITED
Abbreviation in English : ACC
- (2) **Legal Representative of the Company** : Wang Cheng
- (3) **Secretary to the Board (Company Secretary)** : Yu Shui
Phone number : 0086 553 8398976
Fax number : 0086 553 8398931
Company secretary (Hong Kong) : Leo P. Y. Chiu
Phone number : 00852 2111 3220
Fax number : 00852 2111 3299
Securities Affairs Representative : Liao Dan
Phone number : 0086 553 8398911
Fax number : 0086 553 8398931
E-mail : dms@chinaconch.com
- (4) **Registered address of the Company** : 39 Wenhua Road, Wuhu City, Anhui Province, the PRC
Office address of the Company : 39 Wenhua Road, Wuhu City, Anhui Province, the PRC
Postal code : 241000
Email address of the Company : dms@chinaconch.com
Website of the Company : <http://www.conch.cn>
Contact address in Hong Kong : 40th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong

2. Corporate Profile and Major Financial Indicators

- (5) **Company's designated newspaper for information disclosure:** Shanghai Securities Journal and Securities Times
- Website for publication of this report** : <http://www.sse.com.cn>
- Location where this interim report is available for inspection** : Secretariat to the Board of the Company, SSE
- (6) **Exchange on which the Company's shares are listed:**
- H Shares** : Stock Exchange
- Stock code** : 00914
- Stock name** : Conch Cement
- A Shares** : SSE
- Stock code** : 600585
- Stock name** : Conch Cement
- (7) **International auditors** : KPMG, Registered Public Interest Entity Auditor under the Financial Reporting Council Ordinance 8th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong
- PRC auditors** : KPMG Huazhen LLP
8th Floor, Tower E2, Oriental Plaza, 1 East Chang An Avenue, Beijing, the PRC
- (8) **H Shares share registrar and transfer office** : Hong Kong Registrars Limited
17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

2. Corporate Profile and Major Financial Indicators

(9) Accounting data prepared in accordance with the PRC Accounting Standards

Table 1:

Items	As at 30 June 2021 (RMB'000) (Unaudited)	As at 31 December 2020 (RMB'000)	Increase/ (decrease) from the beginning of the year (%)
Total assets	200,907,579	200,972,758	-0.03
Net assets attributable to equity shareholders of the Company	165,348,352	161,822,228	2.18

Table 2:

Items	Six months ended 30 June 2021 (RMB'000) (Unaudited)	Six months ended 30 June 2020 (RMB'000) (Unaudited)	Increase/ (decrease) over the corresponding period of the previous year (%)
Net cash flows generated from operating activities	12,296,863	14,561,590	-15.55
Operating revenue	80,432,865	74,006,895	8.68
Net profit attributable to equity shareholders of the Company	14,951,193	16,069,245	-6.96
Net profit attributable to equity shareholders of the Company after extraordinary items	14,005,501	15,526,697	-9.80
Basic earnings per share (RMB/share)	2.82	3.03	-6.96
Diluted earnings per share (RMB/share)	2.82	3.03	-6.96
Basic earnings per share after extraordinary items (RMB/share)	2.64	2.93	-9.80
Weighted average return on net assets (%)	8.93	11.18	Decreased by 2.25 percentage points
Weighted average return on net assets after extraordinary items (%)	8.37	10.81	Decreased by 2.44 percentage points

2. Corporate Profile and Major Financial Indicators

Table 3:

Extraordinary items for the Reporting Period	Amount (RMB'000) (Unaudited)
(1) Gain/(Loss) on disposal of non-current assets	40,199
(2) Government subsidy	568,902
(3) Gain/(Loss) on changes in the fair value of financial assets held for trading and gain on disposals of financial assets held for trading and other investments in equity instruments	202,235
(4) Gain/(Loss) on entrusted investment or asset management	388,181
(5) Entrusted fee income obtained from entrusted operation	11,639
(6) Gain/(Loss) from external entrusted loans	631
(7) Other non-operating income and expenses other than the above items	25,435
(8) Effect of extraordinary items on income tax	-285,456
(9) Effect of extraordinary items on minority interests	-6,074
Total	945,692

(10) Financial summary prepared in accordance with the International Financial Reporting Standards (“IFRSs”)

Items	Six months ended 30 June 2021 (RMB'000) (Unaudited)	Six months ended 30 June 2020 (RMB'000) (Unaudited)	Increase/ (decrease) over the corresponding period of the previous year (%)
Operating revenue	80,432,865	74,006,895	8.68
Net profit attributable to equity shareholders of the Company	14,968,080	16,086,075	-6.95

2. Corporate Profile and Major Financial Indicators

	As at 30 June 2021 (RMB'000) (Unaudited)	As at 31 December 2020 (RMB'000)	Increase/ (decrease) from the beginning of the year (%)
Total assets	200,907,579	200,972,758	-0.03
Total liabilities	29,374,428	32,909,849	-10.74

(11) Explanations for differences between consolidated financial statements prepared in accordance with the PRC Accounting Standards and the IFRSs

	Net profit attributable to equity shareholders of the Company		Equity attributable to equity shareholders of the Company	
	Six months ended 30 June 2021 (RMB'000) (Unaudited)	Six months ended 30 June 2020 (RMB'000) (Unaudited)	As at 30 June 2021 (RMB'000) (Unaudited)	As at 31 December 2020 (RMB'000)
As reported in the statutory financial statements prepared in accordance with the PRC Accounting Standards	14,951,193	16,069,245	165,348,352	161,822,228
- Deferral of subsidy income not subject to “China Accounting Standards for Business Enterprises No.16 – Government Subsidy” in accordance with IFRSs	16,887	16,830	-124,546	-141,432
As reported in accordance with IFRSs	14,968,080	16,086,075	165,223,806	161,680,796

3. Management Discussion and Analysis

(1) OVERVIEW OF THE CEMENT INDUSTRY

In the first half of 2021, as the state continued to strengthen and extend the results of epidemic prevention and control as well as economic and social development and implement accurate macroeconomic policies, China's economy remained steady with signs of strengthening and improvement, and the key macro indicators were within a reasonable range. In the first half of the year, national fixed asset investment increased by 12.6% period-on-period, infrastructure investment increased by 7.8% period-on-period, and real estate development investment increased by 15% period-on-period, driving the growth of cement demand. In the first half of the year, the national cement output was 1.147 billion tonnes, a record high for the same period in history, representing a period-on-period increase of 14.1%. However, due to the increase in the production cost of the cement and the decline in industry efficiency resulting from significant increase in coal price, the cement industry recorded profit of RMB73 billion in the first half of 2021, representing a period-on-period decrease of 7.2%. (Source: *Digital Cement*)

(2) INTRODUCTION OF THE MAIN BUSINESS OF THE COMPANY

During the Reporting Period, the Group was principally engaged in production and sale of cement, commodity Clinker, aggregate and concrete. To satisfy market demand, the Group's cement products mainly comprise 32.5-grade cement, 42.5-grade cement and 52.5-grade cement, which are widely used in large-scale national infrastructure construction projects such as railways, expressways, airports and water conservancy as well as development of urban property, cement products and the rural markets.

As a basic raw material industry, cement is a regional product as its sales radius is subject to the mode of transportation and local cement price, resulting in a sales model different from that of daily consumer goods. The Group has adopted a sales model with a focus on direct sales, supplemented by distribution, and has established over 500 marketing departments in the marketplaces where the Company operates across the PRC and overseas, building a relatively extensive marketing network. Meanwhile, the Group continued to improve its marketing strategy by accelerating the construction of landing passageway in the regional markets along rivers and the coasts; the Group also proactively develops its trading business, so as to further improve market planning and strengthen the control of the market.

During the Reporting Period, the Group continued to optimise and improve its domestic and overseas market planning, steadily accelerated its international development strategy, proactively explored the upstream and downstream industrial chain and steadily implemented its development strategy.

3. Management Discussion and Analysis

(3) CHANGES IN CORE COMPETITIVENESS OF THE COMPANY DURING THE REPORTING PERIOD

Since its listing in 1997, the Company has focused on developing and growing its core cement business by promoting independent innovation and technology innovation, vigorously pushing forward energy conservation and emission reduction and developing low-carbon recycling economy. After over 20 years of sustainable, healthy and steady development, and by refining internal management, strengthening market development and promoting technological innovation, the Company has created a unique “Conch Model”, and established relatively strong advantages in resources, technology, human resources, funding, market share and brand recognition.

During the Reporting Period, the Group made continuous efforts in enhancing regional market operation, strengthening technology innovation, putting more efforts in safety and environmental protection, and speeding up the development of information system and intelligent system and facilitating low-carbon green development, so as to further consolidate and improve its aforesaid competitive advantages, and maintain the core competitiveness of the Group.

(4) MANAGEMENT DISCUSSION AND ANALYSIS ON THE OPERATIONS OF THE GROUP

ANALYSIS ON THE OPERATIONAL CONDITIONS FOR THE FIRST HALF OF 2021

1. Overview of operation development

In the first half of 2021, the Group strove to overcome the impact of various unfavorable factors, including the increase in prices of bulk raw materials and fuel as well as fierce market competition, it strengthened the organization of production and marketing and resources coordination and adhered to differentiated marketing strategies. As a result, the Company maintained stable sales prices and achieved steady growth in sales volume. The Group also enhanced its study and analysis on the market conditions, consolidated long-term cooperation for procurement of coal, kept reasonable pace of procurement and controlled the procurement cost of materials. Furthermore, the Group emphasized and accelerated the application of scientific and technological innovation results, promoted green initiatives in the industry, improved on operation management and performance indicators, so as to increase the quality of the Company’s operation on a continual basis.

3. Management Discussion and Analysis

During the Reporting Period, in accordance with the PRC Accounting Standards, the Group's operating revenue amounted to RMB80,433 million, representing an increase of 8.68% from that for the corresponding period of the previous year; net profit attributable to equity shareholders of the Company amounted to RMB14,951 million, representing a decrease of 6.96% from that for the corresponding period of the previous year; and earnings per share were RMB2.82, representing a decrease of RMB0.21 per share from that for the corresponding period of the previous year. In accordance with the IFRSs, operating revenue amounted to RMB80,433 million, representing an increase of 8.68% from that for the corresponding period of the previous year; net profit attributable to equity shareholders of the Company amounted to RMB14,968 million, representing a decrease of 6.95% from that for the corresponding period of the previous year; and earnings per share were RMB2.82, representing a decrease of RMB0.22 per share from that for the corresponding period of the previous year.

During the Reporting Period, the Group steadily proceeded with the construction of domestic and overseas projects. One Clinker production line and two cement grinding units of Hunan Yunfeng Cement Co., Ltd. had been completed and put into operation. The construction for grinding plant projects in regions including Haimen and Ganzhou had begun and agreements for aggregate projects in regions including Tongling and Chizhou were executed. In terms of overseas development, the overall operating quality of the Group's projects in operation continued to improve. The Qarshi project in Uzbekistan had proceeded to installation of equipment. Other existing and planned construction projects are also in orderly progress.

During the Reporting Period, the Group increased its production capacity of Clinker and cement by 1.80 million tonnes and 2.70 million tonnes, respectively. As at the end of the Reporting Period, the Group's production capacity of Clinker, cement, aggregates and commercial concrete amounted to 264 million tonnes, 372 million tonnes, 58.30 million tonnes and 4.20 million cubic metres respectively.

3. Management Discussion and Analysis

2. Major operational information during the Reporting Period

(1) Analysis of revenue and cost

Principal activities by industry, product and region

Principal activities by industry

Industry	Operating revenue (RMB'000)	Operating cost (RMB'000)	Gross profit margin (%)	Period-on-period change in operating revenue (%)	Period-on-period change in operating cost (%)	Period-on-period change in gross profit margin
Building material industry (sale of self-produced products)	51,352,506	29,435,191	42.68	8.98	18.97	Decreased by 4.82 percentage points
Building material industry (trading business)	18,079,622	18,043,537	0.20	17.71	17.73	Decreased by 0.02 percentage point

3. Management Discussion and Analysis

Principal activities by product

Product	Operating revenue (RMB'000)	Operating cost (RMB'000)	Gross profit margin (%)	Period-on-period change in operating revenue (%)	Period-on-period change in operating cost (%)	Period-on-period change in gross profit margin
Building material industry (sale of self-produced products) – 42.5-grade cement ^{Note 1}	38,478,333	22,075,954	42.63	8.16	17.30	Decreased by 4.47 percentage points
Building material industry (sale of self-produced products) – 32.5-grade cement	6,240,283	3,325,139	46.71	3.12	10.02	Decreased by 3.34 percentage points
Building material industry (sale of self-produced products) – Clinker	5,846,917	3,694,457	36.81	18.29	37.12	Decreased by 8.68 percentage points
Building material industry (sale of self-produced products) – Aggregate and carpolite	649,619	229,862	64.62	36.18	64.93	Decreased by 6.17 percentage points
Building material industry (sale of self-produced products) – Commercial concrete	137,354	109,779	20.08	75.38	68.37	Increased by 3.33 percentage points
Building material industry (trading business)	18,079,622	18,043,537	0.20	17.71	17.73	Decreased by 0.02 percentage point

3. Management Discussion and Analysis

Principal activities by region

Region	Operating revenue (RMB'000)	Operating cost (RMB'000)	Gross profit margin (%)	Period-on-period change in operating revenue (%)	Period-on-period change in operating cost (%)	Period-on-period change in gross profit margin
Building material industry (sale of self-produced products) – East China ^{Note 2}	15,386,434	7,940,891	48.39	22.08	25.64	Decreased by 1.46 percentage points
Building material industry (sale of self-produced products) – Central China ^{Note 3}	16,287,946	8,979,619	44.87	11.42	20.26	Decreased by 4.06 percentage points
Building material industry (sale of self-produced products) – South China ^{Note 4}	9,020,924	5,022,120	44.33	15.28	26.75	Decreased by 5.04 percentage points
Building material industry (sale of self-produced products) – West China ^{Note 5}	9,162,789	6,473,905	29.35	-13.94	7.12	Decreased by 13.89 percentage points
Building material industry (sale of self-produced products) – Export	157,828	125,028	20.78	-32.89	-24.05	Decreased by 9.22 percentage points
Building material industry (sale of self-produced products) – Overseas	1,336,585	893,628	33.14	12.03	14.00	Decreased by 1.15 percentage points
Building material industry (trading business)	18,079,622	18,043,537	0.20	17.71	17.73	Decreased by 0.02 percentage point

Notes:

- The 42.5-grade cement includes cement of grade 42.5 and above;
- East China mainly includes Jiangsu, Zhejiang, Shanghai, Fujian and Shandong, etc;
- Central China mainly includes Anhui, Jiangxi and Hunan, etc;
- South China mainly includes Guangdong, Guangxi and Hainan;
- West China mainly includes Sichuan, Chongqing, Guizhou, Yunnan, Gansu, Shaanxi and Xinjiang, etc.

3. Management Discussion and Analysis

Sales by industry

During the Reporting Period, the Group realized an aggregate net sales volume of cement and Clinker of 208 million tonnes, representing a period-on-period growth of 11.49%. Revenue generated from principal activities reached RMB69,432 million, representing a period-on-period increase of 11.12%. Operating cost increased by 18.50% on a period-on-period basis to RMB47,479 million. The consolidated gross profit margin of products recorded a period-on-period decrease of 4.26 percentage points to 31.62%.

The Group realised a sales volume of self-produced products of cement and Clinker of 154 million tonnes, representing a period-on-period growth of 9.43%. Sales revenue from self-produced products amounted to RMB51,353 million, representing a period-on-period increase of 8.98%. Cost of sales of self-produced products increased by 18.97% period-on-period to RMB29,435 million. The consolidated gross profit margin of self-produced products recorded a period-on-period decrease of 4.82 percentage points to 42.68%.

During the Reporting Period, the Group realised a sales volume of 54 million tonnes for its cement and Clinker trading business, representing a period-on-period increase of 17.76%. Revenue from trading business amounted to RMB18,080 million, representing a period-on-period growth of 17.71%. Cost of trading business increased by 17.73% period-on-period to RMB18,044 million.

Sales by type of products

During the Reporting Period, the gross profit margin of the Group's 42.5-grade cement, 32.5-grade cement and Clinker decreased by 4.33 percentage points, 2.97 percentage points and 4.30 percentage points period-on-period respectively, among which, the gross profit margin of the Group's self-produced 42.5-grade cement, 32.5-grade cement and Clinker decreased by 4.47 percentage points, 3.34 percentage points and 8.68 percentage points period-on-period respectively. The consolidated gross profit margin of aggregates and carpolite decreased by 6.17 percentage points period-on-period to 64.62%; the consolidated gross profit margin of commercial concrete was 20.08%, representing a period-on-period increase of 3.33 percentage points.

3. Management Discussion and Analysis

Sales by region

The regional market demand in East China, Central China and South China was relatively stable. Benefiting from the increase in product sales volume, the sales amount of self-produced products increased by varying degrees; however, demand in West China decreased, leading to a relatively large decline in selling price, which in turn caused the sales amount of self-produced products to decrease period-on-period.

In East China and Central China, the market demand was stable, leading to growth in sales volume and selling price. Sales amount in East China and Central China increased by 22.08% and 11.42% period-on-period respectively, while gross profit margins dropped by 1.46 percentage points and 4.06 percentage points period-on-period respectively owing to rising purchase price of raw coal.

In South China, due to stable market demand, sales volume achieved a period-on-period growth. However, affected by the prolonged rainy weather, the selling price dropped slightly. The Group recorded a period-on-period increase of 15.28% in sales amount, while gross profit margin decreased by 5.04 percentage points period-on-period.

In West China, due to the decline in market demand and affected by the decrease in sales volume and selling price, the sales amount decreased by 13.94% period-on-period; gross profit margin decreased by 13.89 percentage points period-on-period.

During the Reporting Period, the Group's export sales volume decreased by 29.94% period-on-period and export sales amount dropped by 32.89% period-on-period. With continued improvement in the sales network of overseas projects, the sales volume and sales amount of overseas project companies increased by 21.16% and 12.03% period-on-period respectively.

3. Management Discussion and Analysis

(2) Profit analysis

Major items in the income statement prepared in accordance with the PRC Accounting Standards

Items	Amount		Change from that of the corresponding period of the previous year (%)
	Six months ended 30 June 2021 (RMB'000) (Unaudited)	Six months ended 30 June 2020 (RMB'000) (Unaudited)	
Revenue from principal activities	69,432,128	62,482,427	11.12
Profit from operations	19,283,888	21,145,063	-8.80
Profit before taxation	19,868,352	21,496,460	-7.57
Net profit attributable to equity shareholders of the Company	14,951,193	16,069,245	-6.96

During the Reporting Period, benefiting from the period-on-period increase in the sales volume of products, the Group's revenue from principal activities increased by 11.12% period-on-period. Affected by the significant increase in the price of raw coal and the increase in expenses for the period, the Group's profit from operations, profit before taxation and net profit attributable to equity shareholders of the Company recorded period-on-period decreases of 8.80%, 7.57% and 6.96% respectively.

3. Management Discussion and Analysis

(3) Analysis of costs and expenses

Consolidated costs of cement and Clinker for the six months ended 30 June 2021 and their period-on-period changes

Items	Six months ended 30 June 2021		Six months ended 30 June 2020		Change in unit costs Change in proportion (percentage points)	
	Unit costs (RMB/tonne)	Percentage (%)	Unit costs (RMB/tonne)	Percentage (%)	unit costs (%)	
	(Unaudited)		(Unaudited)			
Raw materials	43.77	23.15	42.66	24.45	2.60	-1.30
Fuel and power	106.38	56.26	92.78	53.17	14.66	3.09
Depreciation expense	12.33	6.52	13.44	7.70	-8.27	-1.18
Labour cost and others	26.61	14.07	25.62	14.68	3.88	-0.61
Total	189.09	100	174.50	100	8.36	-

Note: All cost items mentioned above represent the costs of the Company's self-produced products, excluding cost of the trading business.

During the Reporting Period, the Company's consolidated costs of cement and Clinker increased by 8.36% period-on-period, which was due to the significant increase in the price of raw coal.

3. Management Discussion and Analysis

Changes in major expense items prepared in accordance with the PRC Accounting Standards

Expenses for the period	Amount for the six months ended 30 June 2021 (RMB'000) (Unaudited)	Amount for the six months ended 30 June 2020 (RMB'000) (Unaudited)	Change from that of the corresponding period of the previous year (%)	As a	As a	Change in percentage of revenue from principal activities for the same period last year (%)
				percentage of revenue from principal activities for the Reporting Period (%)	percentage of revenue from principal activities for the same period last year (%)	
Selling expenses	1,947,448	1,791,651	8.70	2.80	2.87	-0.06
Administrative expenses	2,316,400	1,772,554	30.68	3.35	2.84	0.51
Research and development expenses	272,516	80,537	238.38	0.39	0.13	0.26
Financial expenses (income is stated in negative)	-545,507	-864,130	36.87	-0.79	-1.38	0.59
Total	3,990,857	2,780,612	43.52	5.75	4.45	1.30

During the Reporting Period, the Group's administrative expenses increased by 30.68% on a period-on-period basis, mainly due to the period-on-period increase in social insurance expense of the Company paid for employees as compared to that of last year during the epidemic. Research and development expenses increased by 238.38% on a period-on-period basis, mainly due to the period-on-period increase in expenditures for development of technologies including energy saving, environmental protection and green low-carbon technologies. Financial income decreased by 36.87% period-on-period, which was mainly due to a period-on-period increase in exchange losses as a result of the global finance condition and the political events in Myanmar.

During the Reporting Period, the Group's selling, administrative, research and development and financial expenses in aggregate as a percentage to revenue generated from principal activities was 5.75%, representing an increase of 1.30 percentage points period-on-period. Excluding the effect of trading business income, the Group's selling, administrative, research and development and financial expenses in aggregate as a percentage to revenue generated from principal activities was 7.77%, representing an increase of 1.87 percentage points period-on-period.

3. Management Discussion and Analysis

(4) Financial position

Asset and liability overview

Changes in assets and liabilities prepared in accordance with the PRC Accounting Standards

Items	30 June 2021 (RMB'000) (Unaudited)	As a percentage	31 December	As a percentage	Change from that
		of total assets as at the end of the Reporting Period (%)	2020 (RMB'000)	of total assets as at the end of the previous year (%)	at the end of the previous year (%)
Monetary assets	57,438,309	28.59	62,177,168	30.94	-7.62
Inventories	8,711,771	4.34	7,001,615	3.48	24.43
Long-term equity investments	4,417,407	2.20	4,223,040	2.10	4.60
Fixed assets	62,433,526	31.08	62,720,184	31.21	-0.46
Construction in progress	5,692,999	2.83	4,675,076	2.33	21.77
Intangible assets	13,974,667	6.96	13,710,239	6.82	1.93
Total assets	200,907,579	100.00	200,972,758	100.00	-0.03
Short-term borrowings	1,986,191	0.99	1,982,276	0.99	0.20
Payroll payables	150,527	0.07	1,360,262	0.68	-88.93
Taxes payables	3,565,456	1.77	5,977,996	2.97	-40.36
Contract liabilities	3,572,316	1.78	4,244,633	2.11	-15.84
Long-term borrowings	2,937,555	1.46	3,309,680	1.65	-11.24
Total liabilities	29,238,354	14.55	32,755,937	16.30	-10.74
Total liabilities and equity	200,907,579	-	200,972,758	-	-0.03

As at the end of the Reporting Period, the Group's balance of payroll payables decreased by 88.93% as compared to those at the end of the previous year, which was mainly attributable to the payment of annual bonus for the previous year during the Reporting Period; the balance of taxes payables decreased by 40.36% as compared to those at the end of the previous year, which was mainly attributable to the increase in taxes paid during the Reporting Period. The Group's total assets prepared in accordance with the PRC Accounting Standards amounted to RMB200.908 billion, representing a decrease of 0.03% as compared to those at the end of the previous year. Total liabilities amounted to RMB29.238 billion, representing a decrease of 10.74% as compared to those at the end of the previous year. As at 30 June 2021, the Group's gearing ratio calculated in accordance with the PRC Accounting Standards was 14.55%, representing a decrease of 1.75 percentage points as compared to that at the end of the previous year.

3. Management Discussion and Analysis

Please refer to note 12 to the financial report prepared in accordance with the PRC Accounting Standards for information on the contingent liabilities of the Group.

As at the end of the Reporting Period, equity attributable to equity shareholders of the Company amounted to RMB165.348 billion, representing an increase of 2.18% as compared to that at the end of the previous year; shareholders' equity attributable to minority shareholders amounted to RMB6.321 billion, representing a decrease of 1.15% as compared to that at the end of the previous year; as at the end of the Reporting Period, net assets per share attributable to equity shareholders of the Company amounted to RMB31.20, representing an increase of RMB0.67 per share as compared to that at the end of the previous year.

As at 30 June 2021, the total current assets and total current liabilities of the Group prepared in accordance with the PRC Accounting Standards amounted to RMB107.589 billion and RMB20.935 billion respectively, with a current ratio of 5.14:1 (end of last year: 4.66:1). The increase in current ratio as compared to that at the end of the previous year was mainly due to the decrease in balance of current liabilities including taxes payables and payroll payables. The total current assets and total current liabilities of the Group prepared in accordance with the IFRSs amounted to RMB107.711 billion and RMB20.935 billion respectively, with a net gearing ratio of 0.016 (end of last year:-0.038). Net gearing ratio was calculated as follows: the difference between interest-bearing liabilities and cash and cash equivalents, and divided by shareholders' equity.

As at the end of the Reporting Period, overseas assets of the Group was RMB12,925 million, representing 6.43% of its total assets.

As at the end of the Reporting Period, no assets of the Company were distressed, seized, frozen, charged or pledged or can only be realized upon satisfaction of certain conditions or cannot be realized or used to settle debts, nor did there exist any circumstance or arrangement under which the occupation, use, gain from and disposal of assets were subject to other restrictions.

3. Management Discussion and Analysis

Liquidity and source of funds

Maturity analysis of bank loans and other borrowings of the Group as at the end of the Reporting Period is as follows:

	As at 30 June 2021 (RMB'000) (Unaudited)	As at 31 December 2020 (RMB'000)
Due within 1 year	3,379,018	3,109,211
Due after 1 year but within 2 years	1,491,555	1,245,180
Due after 2 years but within 5 years	861,000	1,563,500
Due after 5 years	585,000	501,000
Total	6,316,573	6,418,891

As at the end of the Reporting Period, the Group's total bank borrowings were RMB6,317 million, representing a decrease of RMB102 million as compared to those at the beginning of the year. The decrease was mainly attributable to the repayment of certain loans due during the Reporting Period. Please refer to note 8 to the financial report prepared in accordance with the PRC Accounting Standards for information on borrowings bearing fixed interest rate.

Save for the aforesaid borrowings, the Group had corporate bonds in a principal amount of RMB3,499 million which would be due after 1 year but within 2 years.

During the Reporting Period, the Group's source of funding was mainly from the cash flow generated from operating activities and the cash flow generated from realization of investment.

3. Management Discussion and Analysis

Analysis of cash flow

Comparison of net cash flow prepared in accordance with the PRC Accounting Standards

	Six months ended 30 June 2021 (RMB'000) (Unaudited)	Six months ended 30 June 2020 (RMB'000) (Unaudited)	Changes (%)
Net cash flows generated from operating activities	12,296,863	14,561,590	-15.55
Net cash flows generated from investment activities	-9,884,537	-9,749,425	-1.39
Net cash flows generated from financing activities	-11,888,970	-9,805,041	-21.25
Effect of foreign exchange rate changes on cash and cash equivalents	-29,562	17,246	-271.41
Net increase in cash and cash equivalents	-9,506,206	-4,975,630	91.06
Balance of cash and cash equivalents at the beginning of the period	16,676,384	22,014,145	-24.25
Balance of cash and cash equivalents at the end of the period	7,170,178	17,038,515	-57.92

During the Reporting Period, the Group's net cash flows generated from operating activities amounted to RMB12,297 million, representing a period-on-period decrease of RMB2,265 million. Such decrease was mainly due to a period-on-period increase in the Group's cash outflows arising from payment for commodities purchased during the Reporting Period.

During the Reporting Period, the Group's net cash outflows from investment activities increased by RMB135 million as compared to the corresponding period of last year, mainly because the fixed term deposits and wealth management products subscribed by the Group with a maturity period of over three months have not reached maturity during the Reporting Period.

During the Reporting Period, the Group's net cash outflows from financing activities increased by RMB2,084 million as compared to the corresponding period of last year, primarily attributable to an increase in dividends distributed by the Group during the Reporting Period as compared to that of the same period of the previous year.

3. Management Discussion and Analysis

3. Capital expenditure

During the Reporting Period, the capital expenditure of the Group amounted to approximately RMB5,992 million, which was primarily used in the construction of cement and Clinker production lines, technology modification for energy conservation and environmental protection, investment in the construction of aggregate projects, as well as merger and acquisition projects.

As at the end of the Reporting Period, capital commitments in respect of the purchase of machinery and equipment for production that were committed but have not been provided for in the accounts are set out as follows:

	As at 30 June 2021 (RMB'000) (Unaudited)	As at 31 December 2020 (RMB'000)
Authorized and contracted for	4,888,728	3,798,327
Authorized but not contracted for	4,151,414	1,426,512
Total	9,040,142	5,224,839

4. Exchange rate risk and related hedging by financial instruments

During the Reporting Period, the Group took proactive initiatives to minimize foreign exchange fluctuation risk. During the construction of overseas projects, the payment of construction fee was principally made in local currency, RMB and US dollars. Imported equipment, fire-resistant tiles and spare parts were mainly settled in US dollars and Euros, while cement and Clinker and equipment for export were usually settled in RMB or US dollars. Purchase of raw materials and sales of commodities by overseas companies were mainly settled in local currencies. Any change in the exchange rates of such foreign currencies against RMB will directly affect the project construction costs, material procurement costs and export sales revenue of the Group.

3. Management Discussion and Analysis

In order to effectively reduce foreign exchange risk and to ensure that the overall exchange risk is under control, the Group made appropriate financing and foreign exchange receipt and payment arrangements based on the construction progress of overseas projects and adjusted its foreign exchange fund management plan on a timely basis. The Group proactively implemented centralized management, allocation and utilization of foreign funds in domestic and overseas markets by persistently promoting a management model of foreign fund pool, so as to lower the costs of foreign exchange settlement and sales, effectively reducing financial expenses. The Group implemented a regional fund pool management model in the same country where the Group invested, so as to complement each other's capital advantage, enhance financial economies of scale, reduce loss from foreign currency exchange and reduce financing costs. Meanwhile, the Group made appropriate allocation of foreign currency assets in active response to the impact from global financial market policies and exchange rate fluctuations as a result of the COVID-19 pandemic; the Group arranged reasonable loan facilities according to the changes in foreign exchange rates and interest rates, and timely leveraged swap instruments base on the movement of the foreign currency exchange rate to hedge foreign exchange risks.

OUTLOOK FOR THE SECOND HALF OF THE YEAR

In the second half of 2021, the PRC government will adhere to the main theme of making progress while maintaining stability, it will also implement the new development concept, fully and accurately by furthering the structural reform of the supply side, accelerating the forming of a new development environment, and promoting high-quality development. The government will continue to promote “six stabilities” (六穩) and “six guarantees” (六保), adjust macro policies across cycles and maintain their consistency, stability and sustainability, keep the economy running in a reasonable pace, and strive to reach the annual economic and social development targets. The government will accelerate the construction of major projects under the “14th Five-year Plan”, and support infrastructure investment to certain extent. China adheres to its position that “houses are for inhabitation and not for speculation” (房住不炒), by ensuring stable land prices, stable housing prices, stable expectations and promoting steady and healthy development of the real estate market. Influenced by adjustment and control policies, the growth rate of real estate development investment is expected to gradually slow down. At the same time, China will continue to step up efforts in ecological environment management to achieve peak carbon emission and carbon neutrality through effective coordination; the cement industry will continue with the comprehensive and normalised implementation of off-peak season production, while policies on capacity replacement will become increasingly stringent, which will be conducive to the improvement of the industry's supply-demand relationship.

3. Management Discussion and Analysis

In the second half of the year, the Group will be committed to high-quality development. In terms of investment and development, the Group plans to increase investment and development efforts around the Company's 14th Five-Year Development Plan and annual investment plan. First, the Group will accelerate the implementation of a complete supply chain development approach by strengthening to the development of its aggregate business, with an emphasis on the construction of large-scale aggregate projects; actively developing commercial concrete business, with an aim to create new industrial growth poles; second, the Group will steadily promote its international development strategy, insist on both new construction and mergers and acquisitions, make progress in the development of existing projects, and step up efforts in carrying out expansion projects; third, the Group will continue to improve its market layout and actively seek targets for merger and acquisition; fourth, the Group will continue to further develop intelligence and information technology, accelerate the pace of innovation, increase investment in research and development, and consolidate and enhance the Company's core competitiveness.

In terms of operation management, the Group will pay close attention to the macroeconomic situation at home and abroad, and coordinate and implement pandemic prevention and control measures, as well as production and operation management. First, the Group will conduct further analysis and studies on the market conditions; make better adjustment to sales organization and reasonably control the pace of production and sales; deepen strategic cooperation with major customers and increase control of the end-user market; second, the Group will continue to trace and control the source of bulk raw materials and fuel; deepen strategic cooperation with large coal enterprises; actively explore sourcing channels, with an emphasis on securing the supply of key resources at competitive prices; explore the development and utilization of alternative resources, and strive to reduce overall procurement costs; third, the Group will implement the "green building materials" strategy; continue to increase investment in environmental protection; actively implement technical reform and employ technological measures, and accelerate industrial transformation and upgrading; fourth, the Group will focus on achieving peak carbon emission and carbon neutrality; deepen cooperation among industry, academia and research institutions in order to carry out joint scientific and technological efforts to explore medium- and long-term solutions to reduce pollution and lower carbon emission, and promote green and low-carbon circular development, consolidate the competitiveness and comparative advantage; fifth, the Group will strengthen the development of talent pool, accelerate the implementation of medium to long-term employee incentive mechanisms, stimulate talent innovation and creativity, so as to maintain high-quality development.

4. Report of the Directors

(1) PRINCIPAL INVESTMENTS DURING THE REPORTING PERIOD

1. Establishment, deregistration of project companies and increase in capital in subsidiaries during the Reporting Period

- (1) In March 2021, Haibo Intelligent Technology, a majority-owned subsidiary of the Company, has established the Shanghai Branch of Anhui Haibo Intelligent Technology Co., Ltd. (安徽海博智能科技有限責任公司).
- (2) In April 2021, the Company invested in and established Tongling Conch New Construction Materials Co., Ltd. (銅陵海螺新型建材有限公司) with a registered capital of RMB200 million. The Company holds 100% of its equity interest.
- (3) In April 2021, the Company completed the deregistration of its majority-owned subsidiary, Shanghai Conch Cement Co., Ltd., such deregistration will not have adverse impact on the overall production, operation and results of the Company.
- (4) In April 2021, the Company acquired 20% equity interests in Hami Hongyi held by Hongyi Investment Co., Ltd. (弘毅投資股份有限公司). After the completion of this equity acquisition, the Company holds 100% equity interests in Hami Hongyi.
- (5) During the Reporting Period, the Company increased the capital of the following subsidiaries, and the amounts of capital increase are as follows:

Name of companies	Capital contributed by the Company	Registered capital after capital increase	Percentage of shareholding of the Company after capital increase
Chizhou Conch New Material Co., Ltd.	RMB200 million	RMB250 million	100%
Haibo Intelligent Technology	RMB30 million	RMB80 million	60%

There was no change in shareholding percentage of the Company in the above subsidiaries before and after the capital contribution.

4. Report of the Directors

2. Shareholding in other listed companies and trading of shares of other listed companies

During the Reporting Period, the Company did not trade in shares of other listed companies. As at the end of the Reporting Period, the Group's shareholdings in other listed companies are set out as follows:

Stock code	Short name	Initial investment costs (RMB)	Percentage of	Percentage of	Carrying	Profit/loss
			shareholding at the beginning of the Reporting Period (%)	shareholding at the end of the Reporting Period (%)	amount as at the end of the Reporting Period (RMB)	recognized during the Reporting Period (RMB)
600318	Xinli Finance	38,821,182	6.08	6.08	244,590,752	-
2233	WCC	1,449,828,915	21.10	21.10	2,478,544,323	234,942,602
Total		1,488,650,097	-	-	2,723,135,075	234,942,602

Note: The shares held by the Group in Xinli Finance were recognized as "other investments in equity instruments", while the shares in WCC were recognized as "long-term equity investments".

3. Major investments during the Reporting Period

During the Reporting Period, the Company did not have any major investment projects with a total investment amount exceeding 10% of the audited net assets of the Company of the previous year. For details of the investment projects of the Group during the Reporting Period, please refer to the paragraph headed "1. Overview of Operation Development" under the section headed "(4) Management Discussion and Analysis on the Operations of the Group—Analysis on the Operational Conditions in the first half of 2021" in Chapter 3 "Management Discussion and Analysis" in this report as well as item 15 under note 5 to the financial statements prepared in accordance with the PRC Accounting Standards.

4. Principal majority-owned subsidiaries and invested companies

As at the end of the Reporting Period, the Company had 179 majority-owned subsidiaries, 8 joint ventures and 1 associate. During the Reporting Period, there was no single subsidiary or invested company in which its net profit or the Company's share of its investment income respectively accounted for more than 10% of the net profit of the Company.

4. Report of the Directors

5. Financial entrustment

In combination of the Company's daily fund arrangements and unutilized fund situation and in order to ensure full use of the unutilized fund, the Company used part of its funds for financial entrustment after thorough consideration of the level of risk involved and return rate. Particulars of the financial instruments that were conducted and existed during the Reporting Period are as follows:

No.	Trustee	Inception date	Expiry date	Product name	Amount (RMB in Billion)	Expected Annualized return rate	Status of Recovery	Actual income (RMB in '000)
1	CCB Wealth Management Co., Ltd.	21 April 2020	21 April 2021	CCB Wealth "Pengxin" closed-end wealth management product 2020 Tranche 29	3	4.25%	Recovered	127,848.0
2	Agricultural Bank, Wuhu Jinqiao Sub-branch	29 May 2020	28 May 2021	"Anxindeli · Dayou" close - ended net worth RMB denominated wealth management product	0.4	3.70%	Recovered	14,759.5
3	Bank of China, Wuhu Branch	29 May 2020	28 May 2021	Zhong Yin Stable Wealth Management Plan – Zhi Hui Series Tranche 208564	0.4	3.70%	Recovered	14,759.5
4	CCB Wealth Management Co., Ltd.	2 June 2020	2 June 2021	CCB Wealth "Pengxin" closed-end wealth management product 2020 Tranche 35	1.2	4.26%	Recovered	51,260.4
5	CCB Wealth Management Co., Ltd.	17 June 2020	17 June 2021	CCB Wealth "Pengxin" closed-end wealth management product 2020 Tranche 34	2	4.56%	Recovered	91,450.0
6	CCB Wealth Management Co., Ltd.	28 July 2020	28 July 2021	CCB Wealth "Pengxin" fixed income closed-end wealth management product 2020 Tranche 120	6	4.15%	Recovered	249,684.0
7	CCB Wealth Management Co., Ltd.	29 September 2020	29 September 2021	CCB Wealth "Pengxin" fixed income closed-end wealth management product 2020 Tranche 124	3	4.21%	Not yet expired	/
8	HSBank Wealth Management Co., Ltd.	22 October 2020	22 October 2021	HSBank Wealth Management "Anying" fixed income net worth wealth management products	2.5	4.35%	Not yet expired	/
9	CCB Wealth Management Co., Ltd.	20 November 2020	18 November 2021	CCB Wealth "Jiaxin" closed-end wealth management product 2020 Tranche 31	2	4.43%	Not yet expired	/
10	HSBank Wealth Management Co., Ltd.	19 November 2020	9 June 2021	HSBank Wealth Management "Anying" fixed income net worth wealth management products	2	4.16%	Recovered	46,044.0

4. Report of the Directors

No.	Trustee	Inception date	Expiry date	Product name	Amount (RMB in Billion)	Expected Annualized return rate	Status of Recovery	Actual income (RMB in '000)
11	Industrial Wealth Management Co., Ltd.	25 November 2020	24 May 2021	Industrial Wealth Management Golden Snowball Yuexiang net worth wealth management product 2020 Tranche 2	2	4.25%	Recovered	42,060.0
12	SPD Bank Wuhu Branch	26 November 2020	24 November 2021	SPD Bank Qiming Series Wealth Management Plan Tranche 2017	1	4.70%	Not yet expired	/
13	China Merchants Bank, Wuhu Branch	27 November 2020	25 November 2021	China Merchants Bank Dingding Series A No. 65143 Wealth Management Plan	0.5	4.50%	Not yet expired	/
14	Industrial Wealth Management Co., Ltd.	23 December 2020	2 December 2021	Industrial Wealth Management Golden Snowball Yuexiang net worth wealth management product 2020 Tranche 4	0.5	4.42%	Not yet expired	/
15	CCB Wealth Management Co., Ltd.	2 April 2021	30 March 2022	CCB Wealth Management Institutions Exclusive "Pengxin" Fixed Income Close-Ended Products 2021 Tranche 31	1	4.51%	Not yet expired	/
16	SPD Bank Wuhu Branch	2 April 2021	30 March 2023	SPD Bank Qiming Series Wealth Management Plan Tranche 2105	0.5	5.27%	Not yet expired	/
17	HSBank Wealth Management Co., Ltd.	2 April 2021	7 April 2023	HSBank Wealth Management "Anying" fixed income net worth wealth management products 210080	0.5	5.40%	Not yet expired	/
18	CMB Wealth Management Company Limited	27 April 2021	15 June 2022	CMB Wealth Management Zhaorui Jinshi Series No. 86736 Close-Ended Wealth Management Plan	0.5	4.55%	Not yet expired	/
19	HSBank Wealth Management Co., Ltd.	28 April 2021	16 June 2022	HSBank Wealth Management "Anying" fixed income net worth wealth management products 210081	1	4.60%	Not yet expired	/
20	BOC Wealth Management Co., Ltd	28 April 2021	1 July 2022	BOC Wealth Management "Wenfu" Fixed Income Enhanced (Close-ended) 2021 Tranche 64	1.5	4.35%	Not yet expired	/

4. Report of the Directors

No.	Trustee	Inception date	Expiry date	Product name	Amount (RMB in Billion)	Expected Annualized return rate	Status of Recovery	Actual income (RMB in '000)
21	HSBank Wealth Management Co., Ltd.	2 June 2021	9 June 2022	HSBank Wealth Management "Anying" fixed income net worth wealth management products 210098	0.5	4.39%	Not yet expired	/
22	HSBank Wealth Management Co., Ltd.	2 June 2021	9 June 2022	HSBank Wealth Management "Anying" fixed income net worth wealth management products 210103	0.5	4.39%	Not yet expired	/
23	BOC Wealth Management Co., Ltd.	2 June 2021	6 June 2022	BOC Wealth Management "Wenfu" Fixed Income Enhanced (Close-ended) 2021 Tranche 91	0.4	4.20%	Not yet expired	/
24	CMB Wealth Management Company Limited	9 June 2021	14 June 2023	CMB Wealth Management Zhaorui Selected High Yield No. 12 Close-ended Fixed Income Wealth Management Plan	0.9	5.70%	Not yet expired	/
25	Industrial Wealth Management Co., Ltd.	9 June 2021	9 June 2022	Industrial Wealth Management Golden Snowball Gain Accumulating net worth wealth management product 2021 Tranche 2	0.6	4.60%	Not yet expired	/

During the Reporting Period, the Company had no overdue unrecoverable financial entrustment.

4. Report of the Directors

(2) IMPLEMENTATION OF THE 2020 PROFIT DISTRIBUTION PROPOSAL OF THE COMPANY

On 28 May 2021, the profit distribution proposal for the year 2020 was considered and approved at the 2020 annual general meeting of the Company. On the basis of 5,299,302,579 shares being the total share capital of the Company as at 31 December 2020, the Company paid all the shareholders of the Company a cash dividend of RMB2.12 (tax inclusive) per share, totaling RMB11,234,521,467.48 (tax inclusive). As at the end of the Reporting Period, the above dividend was paid to all the shareholders whose names appeared in the register of members of the Company on the relevant record date.

(3) INTERIM DIVIDEND

The Board did not recommend the payment of interim dividend or the capitalization of surplus reserve for the first half of 2021.

5. Corporate Governance

(1) CORPORATE GOVERNANCE

Since the listing of the Company on the Stock Exchange and the SSE in 1997 and 2002 respectively, the Company has been continuously improving its corporate governance structure, perfecting the internal management and control systems and regulating its operation in accordance with the relevant domestic and overseas listing rules and regulatory requirements. General meetings of the Company, the Board and the Supervisory Committee have clearly defined power and duties, each assuming and performing its specific responsibilities and making its own decisions in an independent, efficient and transparent manner.

The general meeting of the Company is the body with the highest authority in the Company and operates in accordance with the Rules of Procedures of General Meeting. During the Reporting Period, the Company's legal advisers as to the PRC law were present in witness of the convention of general meetings of the Company and provided legal advice in connection with its convention to ensure that decision-making procedures and contents of general meetings are legal and valid and that shareholders of the Company can fully exercise their own rights. On 3 February 2021, the Company convened the first extraordinary general meeting of 2021. On 28 May 2021, the Company convened the 2020 annual general meeting. Please refer to the announcements published by the Company on the websites of the Stock Exchange and the Company on 3 February 2021 and 28 May 2021 respectively, and the announcements published by the Company on the website of the SSE on 4 February 2021 and 29 May 2021 respectively for the voting results of the resolutions at those two general meetings.

The Board is the decision-making body for business operation of the Company, which is accountable to the shareholders in general meeting. It operates in accordance with the Articles and the Rules of Procedures of Board Meeting. The Directors of the Company organize and implement the resolutions of the general meeting in a diligent, prudent and responsible manner through decisions in scientific approach to facilitate the healthy and sound development of the Company.

The Supervisory Committee is a monitoring body of the Company, accountable to the shareholders in general meeting. It operates in accordance with the Rules of Procedures of Supervisory Committee and effectively monitors the performance of duties of the Directors and senior management and the legal compliance of the Company's operations.

(2) AUDIT COMMITTEE

The Audit Committee has been established by the Company. The terms of reference adopted by the Audit Committee complied with all the applicable code provisions set out in Appendix 14 to the HKSE Listing Rules. The Audit Committee is responsible for the review and supervision of financial reporting procedures and the internal control system of the Group as well as the giving of advice and recommendations to the Board of the Company. This interim report of 2021 of the Company has been reviewed by the Audit Committee.

5. Corporate Governance

(3) APPOINTMENT OR CESSATION IN OFFICE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

During the Reporting Period, upon approval at the first extraordinary general meeting of 2021 held by the Company on 3 February 2021, Mr. Zhang Xiaorong was appointed as an independent non-executive Director of the eighth session of the Board of the Company. His term of office became effective from 3 February 2021 until the expiry of the term of office of the eighth session of the Board. The resignation of Mr. Yang Mianzhi as an independent non-executive Director took effect on 3 February 2021.

On 22 April 2021, owing to his pursuit of other work commitments, Mr. Gao Dengbang applied to the Company for resignation from his roles as Chairman and executive Director with the effect from the same date and Mr. Gao Dengbang ceased to act as the Chairman and executive Director of the Company since 22 April 2021.

On 28 May 2021, upon approval at the 2020 annual general meeting of the Company, Mr. Wang Cheng was appointed as an executive Director of the eighth session of the Board of the Company. On the same date at the eighth meeting of the eighth session of the Board, all Directors unanimously elected Mr. Wang Cheng as the Chairman of the eighth session of the Board of the Company. His term of office became effective from 28 May 2021 until the expiry of the term of office of the eighth session of the Board of the Company.

Save for the aforesaid, there was no change in the biographies of other Directors, Supervisors and senior management members of the Company which required disclosure under Rule 13.51B(1) of the HKSE Listing Rules.

(4) STOCK OPTION INCENTIVE SCHEME

During the Reporting Period, the Group did not formulate and implement any stock option incentive scheme.

6. Environmental and Social Responsibilities

(1) ENVIRONMENTAL PROTECTION AND WASTE DISCHARGE OF THE GROUP

1. Discharge information of key pollutant discharge units

As at the end of the Reporting Period, 68 subsidiaries and branch companies of the Group were included in the List of Key Pollutant Discharging Units by the environmental protection departments. Details of the major pollutants discharged during the production process by such companies are set out in the below table:

Name of No. companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge	
1	Ningguo Cement Plant of Anhui Conch Cement Company Limited	Sulfur dioxide	Organised	3	Kiln tail	7.55	DB34/3576-2020	30.36	467.99	No
		Nitrogen oxides	Organised	3	Kiln tail	78.49	DB34/3576-2020	315.60	975.07	No
		Particulate matter	Organised	6	Kiln head and tail	4.52	DB34/3576-2020	31.84	291.00	No
		Particulate matter	Organised	228	General discharge outlet	4.20	DB34/3576-2020	28.28		No
2	Anhui Tongling Conch Cement Co., Ltd.	Sulfur dioxide	Organised	5	Kiln tail	3.33	DB34/3576-2020	48.15	1,773.80	No
		Nitrogen oxides	Organised	5	Kiln tail	50.51	DB34/3576-2020	757.54	3,547.60	No
		Particulate matter	Organised	10	Kiln head and tail	5.07	DB34/3576-2020	110.27	871.60	No
		Particulate matter	Organised	383	General discharge outlet	6.32	DB34/3576-2020	1.87		No
3	Baimashan Cement Plant of Anhui Conch Cement Company Limited	Sulfur dioxide	Organised	2	Kiln tail	1.55	DB34/3576-2020	2.58	296.88	No
		Nitrogen oxides	Organised	2	Kiln tail	78.97	DB34/3576-2020	210.64	593.75	No
		Particulate matter	Organised	4	Kiln head and tail	6.33	DB34/3576-2020	21.92	100.78	No
		Particulate matter	Organised	112	General discharge outlet	3.46	DB34/3576-2020	12.89	80.09	No
		Sulfur dioxide	Organised	2	coal mill	1.55	DB34/3576-2020	7.41	52.90	No
4	Anhui Digang Conch Cement Co., Ltd.	Nitrogen oxides	Organised	2	coal mill	52.00	DB34/3576-2020	28.64	105.80	No
		Sulfur dioxide	Organised	4	Kiln tail	10.01	DB34/3576-2020	85.93	768.75	No
		Nitrogen oxides	Organised	4	Kiln tail	56.16	DB34/3576-2020	470.68	1,537.50	No
		Particulate matter	Organised	8	Kiln head and tail	3.42	DB34/3576-2020	50.19	430.69	No
5	Anhui Zongyang Conch Cement Co., Ltd.	Particulate matter	Organised	178	General discharge outlet	6.62	DB34/3576-2020	23.55		No
		Sulfur dioxide	Organised	5	Kiln tail	1.10	DB34/3576-2020	12.56	1,237.50	No
		Nitrogen oxides	Organised	5	Kiln tail	54.77	DB34/3576-2020	811.47	2,475.00	No
		Particulate matter	Organised	10	Kiln head and tail	3.05	DB34/3576-2020	60.30	554.29	No
6	Anhui Chizhou Conch Cement Co., Ltd.	Particulate matter	Organised	183	General discharge outlet	3.44	DB34/3576-2020	10.19		No
		Sulfur dioxide	Organised	7	Kiln tail	2.70	DB34/3576-2020	51.76	1,567.50	No
		Nitrogen oxides	Organised	7	Kiln tail	56.97	DB34/3576-2020	1,138.96	3,135.00	No
		Particulate matter	Organised	14	Kiln head and tail	3.35	DB34/3576-2020	101.16	719.44	No
	Particulate matter	Organised	294	General discharge outlet	6.45	DB34/3576-2020	32.61		No	

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Name of No. companies	Name of special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
7 Anhui Huaining Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	5.65	DB34/3576-2020	21.32	412.50	No
	Nitrogen oxides	Organised	2	Kiln tail	86.58	DB34/3576-2020	338.28	825.00	No
	Particulate matter	Organised	4	Kiln head and tail	2.87	DB34/3576-2020	17.70	252.84	No
	Particulate matter	Organised	145	General discharge outlet	5.38	DB34/3576-2020	10.01		No
8 Anhui Xuancheng Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	6.44	DB34/3576-2020	32.39	516.25	No
	Nitrogen oxides	Organised	2	Kiln tail	58.17	DB34/3576-2020	217.81	1,032.50	No
	Particulate matter	Organised	5	Kiln head and tail	4.34	DB34/3576-2020	43.92	290.17	No
	Particulate matter	Organised	127	General discharge outlet	2.31	DB34/3576-2020	2.27		No
9 Wuhu Conch Cement Co., Ltd.	Sulfur dioxide	Organised	6	Kiln tail	18.44	DB34/3576-2020	372.43	1,789.00	No
	Nitrogen oxides	Organised	6	Kiln tail	59.44	DB34/3576-2020	1,244.07	3,578.00	No
	Particulate matter	Organised	12	Kiln head and tail	3.24	DB34/3576-2020	86.87	854.00	No
	Particulate matter	Organised	344	General discharge outlet	6.87	DB34/3576-2020	46.96		No
10 Suzhou Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	3.12	DB34/3576-2020	13.06	240.00	No
	Nitrogen oxides	Organised	2	Kiln tail	58.18	DB34/3576-2020	282.52	825.00	No
	Particulate matter	Organised	4	Kiln head and tail	3.31	DB34/3576-2020	21.55	271.48	No
	Particulate matter	Organised	122	General discharge outlet	4.67	DB34/3576-2020	7.66		No
11 Quanjiao Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	4.72	DB34/3576-2020	23.54	300.00	No
	Nitrogen oxides	Organised	2	Kiln tail	54.47	DB34/3576-2020	277.52	825.00	No
	Particulate matter	Organised	4	Kiln head and tail	2.37	DB34/3576-2020	16.17	267.18	No
	Particulate matter	Organised	133	General discharge outlet	3.90	DB34/3576-2020	9.35		No
12 Chaohu Conch Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	18.96	DB34/3576-2020	138.11	618.75	No
	Nitrogen oxides	Organised	3	Kiln tail	69.07	DB34/3576-2020	496.87	1,237.50	No
	Particulate matter	Organised	6	Kiln head and tail	2.49	DB34/3576-2020	20.23	316.92	No
	Particulate matter	Organised	148	General discharge outlet	2.06	DB34/3576-2020	3.15		No
13 Zhongguo Cement Plant Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	8.14	DB32/3728-2020	12.27	52.38	No
	Nitrogen oxides	Organised	2	Kiln tail	44.14	DB32/3728-2020	77.63	487.74	No
	Particulate matter	Organised	4	Kiln head and tail	5.34	DB32/3728-2020	13.52	100.17	No
	Particulate matter	Organised	85	General discharge outlet	7.58	DB32/3728-2020	13.10		No
14 Jiande Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	9.69	GB4915-2013	36.73	300.00	No
	Nitrogen oxides	Organised	2	Kiln tail	232.36	GB4915-2013	964.40	1,840.00	No
	Particulate matter	Organised	4	Kiln head and tail	3.13	GB4915-2013	17.76	294.06	No
	Particulate matter	Organised	117	General discharge outlet	5.11	GB4915-2013	73.79		No

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Name of No. companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/m ³)	Implemented standards of discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
15 Fenyi Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	12.05	GB4915-2013	30.32	1,052.70	No
	Nitrogen oxides	Organised	2	Kiln tail	283.59	GB4915-2013	712.57	1,801.80	No
	Particulate matter	Organised	4	Kiln head and tail	5.93	GB4915-2013	22.90	362.92	No
	Particulate matter	Organised	129	General discharge outlet	3.63	GB4915-2013	5.35		No
16 Yiyang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	7.48	GB4915-2013	60.53	320.00	No
	Nitrogen oxides	Organised	3	Kiln tail	243.30	GB4915-2013	2,010.34	4,468.50	No
	Particulate matter	Organised	6	Kiln head and tail	7.22	GB4915-2013	82.16	853.41	No
	Particulate matter	Organised	179	General discharge outlet	7.63	GB4915-2013	24.30		No
17 Ganzhou Conch Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	1.49	GB4915-2013	5.85	235.19	No
	Nitrogen oxides	Organised	3	Kiln tail	273.54	GB4915-2013	1,073.83	2,641.00	No
	Particulate matter	Organised	6	Kiln head and tail	6.84	GB4915-2013	45.00	813.04	No
	Particulate matter	Organised	113	General discharge outlet	8.10	GB4915-2013	10.12		No
18 Prosperity Conch Cement Co., Ltd.	Sulfur dioxide	Organised	4	Kiln tail	23.71	GB4915-2013	130.89	640.00	No
	Nitrogen oxides	Organised	4	Kiln tail	185.01	GB4915-2013	989.74	5,168.00	No
	Particulate matter	Organised	8	Kiln head and tail	4.79	GB4915-2013	45.32	1,550.00	No
	Particulate matter	Organised	222	General discharge outlet	6.32	GB4915-2013	20.94		No
19 Guangdong Qingxin Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	4.54	GB4915-2013	14.95	320.00	No
	Nitrogen oxides	Organised	2	Kiln tail	283.00	GB4915-2013	1,159.84	3,146.40	No
	Particulate matter	Organised	4	Kiln head and tail	2.60	GB4915-2013	16.34	520.52	No
	Particulate matter	Organised	120	General discharge outlet	7.26	GB4915-2013	11.06		No
20 Yangchun Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	19.45	GB4915-2013	69.17	530.00	No
	Nitrogen oxides	Organised	2	Kiln tail	231.85	GB4915-2013	798.21	3,548.00	No
	Particulate matter	Organised	4	Kiln head and tail	4.50	GB4915-2013	29.39	746.13	No
	Particulate matter	Organised	191	General discharge outlet	5.90	GB4915-2013	41.90		No
21 Guangdong Qingyuan Guangying Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	11.20	GB4915-2013	41.35	234.09	No
	Nitrogen oxides	Organised	3	Kiln tail	283.31	GB4915-2013	946.40	2,342.65	No
	Particulate matter	Organised	6	Kiln head and tail	9.28	GB4915-2013	47.94	286.54	No
	Particulate matter	Organised	107	General discharge outlet	6.20	GB4915-2013	3.48		No
22 Xingan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	12.21	GB4915-2013	30.92	300.00	No
	Nitrogen oxides	Organised	2	Kiln tail	250.60	GB4915-2013	1,233.00	2,476.00	No
	Particulate matter	Organised	4	Kiln head and tail	6.85	GB4915-2013	68.58	543.70	No
	Particulate matter	Organised	139	General discharge outlet	6.71	GB4915-2013	50.43		No

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Name of No. companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
23 Xingye Kuiyang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	6.33	GB4915-2013	30.16	130.58	No
	Nitrogen oxides	Organised	2	Kiln tail	211.48	GB4915-2013	1,163.47	2,713.31	No
	Particulate matter	Organised	4	Kiln head and tail	10.38	GB4915-2013	69.53	1,041.97	No
	Particulate matter	Organised	151	General discharge outlet	7.09	GB4915-2013	28.88		No
24 Fusui Xinning Conch Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	1.63	GB4915-2013	13.67	181.00	No
	Nitrogen oxides	Organised	3	Kiln tail	194.10	GB4915-2013	1,665.58	3,713.00	No
	Particulate matter	Organised	6	Kiln head and tail	4.92	GB4915-2013	58.93	605.20	No
	Particulate matter	Organised	243	General discharge outlet	7.23	GB4915-2013	34.12		No
25 Beiliu Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	25.27	GB4915-2013	127.12	265.80	No
	Nitrogen oxides	Organised	2	Kiln tail	278.85	GB4915-2013	1,340.51	2,525.00	No
	Particulate matter	Organised	4	Kiln head and tail	9.17	GB4915-2013	54.82	600.00	No
	Particulate matter	Organised	157	General discharge outlet	7.08	GB4915-2013	35.05		No
26 Longan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	24.92	GB4915-2013	61.22	178.49	No
	Nitrogen oxides	Organised	1	Kiln tail	236.79	GB4915-2013	588.25	1,364.00	No
	Particulate matter	Organised	2	Kiln head and tail	8.08	GB4915-2013	34.34	276.50	No
	Particulate matter	Organised	121	General discharge outlet	7.13	GB4915-2013	14.24		No
27 Guangxi Lingyun Tonghong Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	7.40	GB4915-2013	10.11	426.25	No
	Nitrogen oxides	Organised	1	Kiln tail	299.33	GB4915-2013	401.67	852.50	No
	Particulate matter	Organised	2	Kiln head and tail	12.05	GB4915-2013	19.58	177.38	No
	Particulate matter	Organised	52	General discharge outlet	8.11	GB4915-2013	2.94		No
28 Shuangfeng Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	2.18	GB4915-2013	10.25	476.50	No
	Nitrogen oxides	Organised	2	Kiln tail	185.49	GB4915-2013	806.83	2,947.00	No
	Particulate matter	Organised	4	Kiln head and tail	8.07	GB4915-2013	44.97	675.02	No
	Particulate matter	Organised	167	General discharge outlet	7.28	GB4915-2013	6.18		No
29 Hunan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	8.02	GB4915-2013	33.51	404.36	No
	Nitrogen oxides	Organised	2	Kiln tail	260.78	GB4915-2013	1,053.40	2,880.00	No
	Particulate matter	Organised	4	Kiln head and tail	6.67	GB4915-2013	29.40	646.32	No
	Particulate matter	Organised	163	General discharge outlet	7.24	GB4915-2013	14.49		No
30 Shimen Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	0.92	GB4915-2013	4.58	450.10	No
	Nitrogen oxides	Organised	2	Kiln tail	71.00	GB4915-2013	352.06	2,536.50	No
	Particulate matter	Organised	2	Kiln head and tail	5.10	GB4915-2013	33.89	407.69	No
	Particulate matter	Organised	146	General discharge outlet	7.50	GB4915-2013	11.80		No

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Name of No. companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/m ³)	Implemented standards of discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
31 Qiyang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	18.63	GB4915-2013	72.40	462.10	No
	Nitrogen oxides	Organised	2	Kiln tail	253.71	GB4915-2013	1,012.24	2,187.90	No
	Particulate matter	Organised	4	Kiln head and tail	4.24	GB4915-2013	24.78	391.00	No
	Particulate matter	Organised	124	General discharge outlet	8.31	GB4915-2013	16.34		No
32 Jianghua Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	2.36	GB4915-2013	5.13	234.40	No
	Nitrogen oxides	Organised	1	Kiln tail	207.13	GB4915-2013	451.03	1,350.00	No
	Particulate matter	Organised	2	Kiln head and tail	5.29	GB4915-2013	14.22	236.69	No
	Particulate matter	Organised	127	General discharge outlet	7.54	GB4915-2013	11.68		No
33 Shaoyang Yeafing New Energy Technology Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	38.52	GB4915-2013	53.03	160.00	No
	Nitrogen oxides	Organised	1	Kiln tail	217.00	GB4915-2013	293.36	1,116.00	No
	Particulate matter	Organised	2	Kiln head and tail	6.67	GB4915-2013	14.37	184.50	No
	Particulate matter	Organised	75	General discharge outlet	7.95	GB4915-2013	7.93		No
34 Hunan Yeafing Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	3.02	GB4915-2013	1.66	247.05	No
	Nitrogen oxides	Organised	2	Kiln tail	264.66	GB4915-2013	247.13	1,716.00	No
	Particulate matter	Organised	4	Kiln head and tail	7.56	GB4915-2013	6.42	305.60	No
	Particulate matter	Organised	122	General discharge outlet	2.80	GB4915-2013	5.39		No
35 Hunan Yiyang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	3.84	GB4915-2013	7.43	234.97	No
	Nitrogen oxides	Organised	1	Kiln tail	243.92	GB4915-2013	399.57	1,386.58	No
	Particulate matter	Organised	2	Kiln head and tail	3.68	GB4915-2013	7.69	222.71	No
	Particulate matter	Organised	81	General discharge outlet	7.02	GB4915-2013	12.33		No
36 Lianyuan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	1.93	GB4915-2013	2.56	151.11	No
	Nitrogen oxides	Organised	1	Kiln tail	262.34	GB4915-2013	415.12	1,440.00	No
	Particulate matter	Organised	2	Kiln head and tail	8.10	GB4915-2013	22.00	340.31	No
	Particulate matter	Organised	106	General discharge outlet	3.60	GB4915-2013	10.23		No
37 Linxiang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	0.42	GB4915-2013	0.70	150.00	No
	Nitrogen oxides	Organised	1	Kiln tail	214.42	GB4915-2013	352.22	1,120.00	No
	Particulate matter	Organised	2	Kiln head and tail	8.19	GB4915-2013	18.27	186.28	No
	Particulate matter	Organised	83	General discharge outlet	8.33	GB4915-2013	10.36		No
38 Guangyuan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	7.31	GB4915-2013	30.94	342.58	No
	Nitrogen oxides	Organised	2	Kiln tail	92.12	GB4915-2013	410.09	3,285.00	No
	Particulate matter	Organised	4	Kiln head and tail	3.50	GB4915-2013	22.57	700.04	No
	Particulate matter	Organised	140	General discharge outlet	3.36	GB4915-2013	25.13		No

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Name of No. companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
39 Dazhou Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	1.85	GB4915-2013	10.61	284.30	No
	Nitrogen oxides	Organised	2	Kiln tail	118.68	GB4915-2013	588.21	2,970.00	No
	Particulate matter	Organised	4	Kiln head and tail	4.53	GB4915-2013	30.90	590.32	No
	Particulate matter	Organised	109	General discharge outlet	5.39	GB4915-2013	26.81		No
40 Bazhong Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	5.48	GB4915-2013	7.38	142.13	No
	Nitrogen oxides	Organised	1	Kiln tail	224.86	GB4915-2013	305.50	1,008.26	No
	Particulate matter	Organised	2	Kiln head and tail	11.67	GB4915-2013	28.80	326.99	No
	Particulate matter	Organised	99	General discharge outlet	11.36	GB4915-2013	16.38		No
41 Chongqing Conch Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	4.50	DB50/656-2016	29.23	2,252.25	No
	Nitrogen oxides	Organised	3	Kiln tail	135.15	DB50/656-2016	848.33	3,474.00	No
	Particulate matter	Organised	6	Kiln head and tail	4.70	DB50/656-2016	47.21	875.36	No
	Particulate matter	Organised	204	General discharge outlet	8.79	DB50/656-2016	39.05		No
42 Liangping Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	13.71	DB50/656-2016	28.49	792.00	No
	Nitrogen oxides	Organised	1	Kiln tail	160.59	DB50/656-2016	316.05	1,152.00	No
	Particulate matter	Organised	2	Kiln head and tail	8.55	DB50/656-2016	22.95	339.81	No
	Particulate matter	Organised	81	General discharge outlet	8.64	DB50/656-2016	12.95		No
43 Basu Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	5.08	GB4915-2013	4.00	79.58	No
	Nitrogen oxides	Organised	1	Kiln tail	240.60	GB4915-2013	201.30	567.74	No
	Particulate matter	Organised	2	Kiln head and tail	6.82	GB4915-2013	8.70	151.20	No
	Particulate matter	Organised	83	General discharge outlet	1.90	GB4915-2013	1.09		No
44 Pingliang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	4.74	GB4915-2013	18.70	1,515.00	No
	Nitrogen oxides	Organised	2	Kiln tail	223.78	GB4915-2013	980.70	3,030.00	No
	Particulate matter	Organised	4	Kiln head and tail	4.90	GB4915-2013	25.40	645.88	No
	Particulate matter	Organised	133	General discharge outlet	6.24	GB4915-2013	22.49		No
45 Guiyang Conch Panjiang Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	47.04	GB4915-2013	196.05	706.37	No
	Nitrogen oxides	Organised	3	Kiln tail	283.38	GB4915-2013	1,353.06	3,901.51	No
	Particulate matter	Organised	6	Kiln head and tail	6.03	GB4915-2013	37.24	984.57	No
	Particulate matter	Organised	170	General discharge outlet	8.59	GB4915-2013	15.26		No
46 Zunyi Conch Panjiang Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	46.60	GB4915-2013	211.93	646.80	No
	Nitrogen oxides	Organised	2	Kiln tail	207.82	GB4915-2013	1,009.33	3,267.00	No
	Particulate matter	Organised	4	Kiln head and tail	9.61	GB4915-2013	58.92	671.27	No
	Particulate matter	Organised	121	General discharge outlet	11.65	GB4915-2013	31.48		No

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Name of No. companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
47 Tongren Conch Panjiang Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	12.96	GB4915-2013	56.74	1,485.00	No
	Nitrogen oxides	Organised	2	Kiln tail	273.76	GB4915-2013	1,285.24	2,970.00	No
	Particulate matter	Organised	4	Kiln head and tail	5.11	GB4915-2013	31.51	666.96	No
	Particulate matter	Organised	131	General discharge outlet	13.38	GB4915-2013	48.88		No
48 Guiding Conch Panjiang Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	44.62	GB4915-2013	142.02	1,559.25	No
	Nitrogen oxides	Organised	2	Kiln tail	264.13	GB4915-2013	945.20	3,118.50	No
	Particulate matter	Organised	4	Kiln head and tail	9.93	GB4915-2013	47.94	660.00	No
	Particulate matter	Organised	132	General discharge outlet	9.48	GB4915-2013	18.38		No
49 Qianxinan Resource Development Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	3.50	GB4915-2013	4.00	241.00	No
	Nitrogen oxides	Organised	1	Kiln tail	219.00	GB4915-2013	291.00	620.00	No
	Particulate matter	Organised	2	Kiln head and tail	8.10	GB4915-2013	7.00	134.06	No
	Particulate matter	Organised	102	General discharge outlet	9.60	GB4915-2013	6.10		No
50 Shuicheng Conch Panjiang Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	4.98	GB4915-2013	5.78	446.99	No
	Nitrogen oxides	Organised	2	Kiln tail	301.87	GB4915-2013	354.51	1,733.62	No
	Particulate matter	Organised	4	Kiln head and tail	8.30	GB4915-2013	13.34	393.70	No
	Particulate matter	Organised	104	General discharge outlet	10.32	GB4915-2013	8.10		No
51 Guizhou Liukuangruian Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	39.27	GB4915-2013	72.27	529.23	No
	Nitrogen oxides	Organised	2	Kiln tail	266.97	GB4915-2013	619.42	2,260.00	No
	Particulate matter	Organised	4	Kiln head and tail	4.42	GB4915-2013	11.10	481.00	No
	Particulate matter	Organised	106	General discharge outlet	10.61	GB4915-2013	10.39		No
52 Liqun Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	6.68	DB61/941-2018	34.90	208.69	No
	Nitrogen oxides	Organised	2	Kiln tail	244.37	DB61/941-2018	1,276.10	1,908.00	No
	Particulate matter	Organised	4	Kiln head and tail	1.86	DB61/941-2018	10.41	335.96	No
	Particulate matter	Organised	160	General discharge outlet	8.68	DB61/941-2018	30.12		No
53 Qianyang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	18.70	DB61/941-2018	23.84	297.00	No
	Nitrogen oxides	Organised	1	Kiln tail	210.00	DB61/941-2018	370.35	1,188.00	No
	Particulate matter	Organised	2	Kiln head and tail	1.90	DB61/941-2018	4.65	197.58	No
	Particulate matter	Organised	109	General discharge outlet	7.20	DB61/941-2018	5.09		No
54 Baoji Zhongxi Jinlinghe Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	14.94	DB61/941-2018	25.09	249.00	No
	Nitrogen oxides	Organised	1	Kiln tail	211.88	DB61/941-2018	398.69	1,116.00	No
	Particulate matter	Organised	2	Kiln head and tail	3.10	DB61/941-2018	15.05	176.33	No
	Particulate matter	Organised	99	General discharge outlet	6.95	DB61/941-2018	13.56		No

6. Environmental and Social Responsibilities

Name of No. companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
55 Qianxian Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	14.24	DB61/941-2018	18.81	191.81	No
	Nitrogen oxides	Organised	1	Kiln tail	298.10	DB61/941-2018	393.74	1,227.60	No
	Particulate matter	Organised	2	Kiln head and tail	2.57	DB61/941-2018	5.58	186.91	No
	Particulate matter	Organised	122	General discharge outlet	6.50	DB61/941-2018	12.73		No
56 Baoji Zhongxi Fenghuangshan Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	3.46	DB61/941-2018	5.97	279.00	No
	Nitrogen oxides	Organised	1	Kiln tail	169.76	DB61/941-2018	289.88	1,116.00	No
	Particulate matter	Organised	2	Kiln head and tail	2.18	DB61/941-2018	6.59	176.33	No
	Particulate matter	Organised	111	General discharge outlet	7.06	DB61/941-2018	11.27		No
57 Shaanxi Tongchuan Fenghuang Construction Materials Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	15.30	DB61/941-2018	25.20	337.50	No
	Nitrogen oxides	Organised	1	Kiln tail	199.69	DB61/941-2018	317.10	1,080.00	No
	Particulate matter	Organised	2	Kiln head and tail	0.35	DB61/941-2018	0.89	175.13	No
	Particulate matter	Organised	67	General discharge outlet	7.68	DB61/941-2018	7.78		No
58 Jining Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	5.54	DB37/2373-2018	6.22	281.30	No
	Nitrogen oxides	Organised	1	Kiln tail	39.40	DB37/2373-2018	67.89	601.43	No
	Particulate matter	Organised	2	Kiln head and tail	2.58	DB37/2373-2018	2.07	164.96	No
	Particulate matter	Organised	134	General discharge outlet	5.60	GB4915-2013	4.20		No
59 Baoshan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	0.61	GB4915-2013	1.22	150.76	No
	Nitrogen oxides	Organised	1	Kiln tail	203.87	GB4915-2013	439.01	1,534.50	No
	Particulate matter	Organised	2	Kiln head and tail	4.61	GB4915-2013	11.50	312.41	No
	Particulate matter	Organised	77	General discharge outlet	7.36	GB4915-2013	8.15		No
60 Longling Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	0.80	GB4915-2013	0.76	43.00	No
	Nitrogen oxides	Organised	1	Kiln tail	246.32	GB4915-2013	211.22	750.00	No
	Particulate matter	Organised	2	Kiln head and tail	6.82	GB4915-2013	9.57	163.40	No
	Particulate matter	Organised	106	General discharge outlet	7.90	GB4915-2013	6.79		No
61 Yingjiangyunhan Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	4.20	GB4915-2013	9.31	60.15	No
	Nitrogen oxides	Organised	1	Kiln tail	236.53	GB4915-2013	549.18	1,304.05	No
	Particulate matter	Organised	2	Kiln head and tail	8.98	GB4915-2013	27.75	260.22	No
	Particulate matter	Organised	95	General discharge outlet	6.66	GB4915-2013	16.79		No
62 Wenshan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	8.86	GB4915-2013	43.29	241.10	No
	Nitrogen oxides	Organised	2	Kiln tail	217.31	GB4915-2013	911.01	2,790.00	No
	Particulate matter	Organised	4	Kiln head and tail	9.00	GB4915-2013	44.09	603.89	No
	Particulate matter	Organised	123	General discharge outlet	10.56	GB4915-2013	17.57		No

6. Environmental and Social Responsibilities

Name of No. companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/m ³)	Implemented standards of discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge	
63	Hami Hongyi	Sulfur dioxide	Organised	1	Kiln tail	4.40	GB4915-2013	2.16	45.00	No
		Nitrogen oxides	Organised	1	Kiln tail	351.00	GB4915-2013	136.52	750.00	No
		Particulate matter	Organised	2	Kiln head and tail	8.05	GB4915-2013	7.45	152.68	No
		Particulate matter	Organised	59	General discharge outlet	8.95	GB4915-2013	2.14		No
64	Linxia Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	24.00	GB4915-2013	2.80	55.00	No
		Nitrogen oxides	Organised	1	Kiln tail	231.00	GB4915-2013	179.10	645.00	No
		Particulate matter	Organised	2	Kiln head and tail	10.00	GB4915-2013	11.39	95.00	No
		Particulate matter	Organised	32	General discharge outlet	5.40	GB4915-2013	2.03		No
65	Kunming Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	21.45	GB4915-2013	0.90	62.27	No
		Nitrogen oxides	Organised	1	Kiln tail	332.44	GB4915-2013	402.00	775.00	No
		Particulate matter	Organised	2	Kiln head and tail	10.77	GB4915-2013	10.68	94.90	No
		Particulate matter	Organised	47	General discharge outlet	9.84	GB4915-2013	3.66		No
66	Yunnan Zhuangxiang Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	3.60	GB4915-2013	2.10	172.00	No
		Nitrogen oxides	Organised	1	Kiln tail	235.69	GB4915-2013	129.84	576.00	No
		Particulate matter	Organised	2	Kiln head and tail	6.25	GB4915-2013	3.98	124.28	No
		Particulate matter	Organised	34	General discharge outlet	9.38	GB4915-2013	4.44		No
67	Hainan Changjiang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	71.21	GB4915-2013	167.78	387.50	No
		Nitrogen oxides	Organised	2	Kiln tail	231.42	GB4915-2013	538.76	1,240.00	No
		Particulate matter	Organised	4	Kiln head and tail	10.50	GB4915-2013	32.46	191.26	No
		Particulate matter	Organised	92	General discharge outlet	6.79	GB4915-2013	10.21		No
68	Wuhu South Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	23.38	DB34/3576-2020	104.20	513.13	No
		Nitrogen oxides	Organised	3	Kiln tail	79.65	DB34/3576-2020	341.51	1,031.25	No
		Particulate matter	Organised	6	Kiln head and tail	2.33	DB34/3576-2020	13.39	1,080.26	No
		Particulate matter	Organised	137	General discharge outlet	5.40	DB34/3576-2020	33.74		No

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2. Discharge status of the major pollutants by subsidiaries other than key pollutant discharging units

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge Mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
1	Anhui Changfeng Conch Cement Co., Ltd.	Particulate matter	Organised	54	General discharge outlet	8.30	DB34/3576-2020	32.00	/	No
2	Huangshan Conch Cement Co., Ltd.	Particulate matter	Organised	63	General discharge outlet	3.69	DB34/3576-2020	2.07	/	No
3	Bengbu Conch Cement Co., Ltd.	Particulate matter	Organised	86	General discharge outlet	4.78	DB34/3576-2020	7.08	/	No
4	Lu'an Conch Cement Co., Ltd.	Particulate matter	Organised	75	General discharge outlet	4.86	DB34/3576-2020	9.65	/	No
5	Huainan Conch Cement Co., Ltd.	Particulate matter	Organised	110	General discharge outlet	9.00	DB34/3576-2020	62.00	/	No
6	Bozhou Conch Cement Co., Ltd.	Particulate matter	Organised	55	General discharge outlet	4.89	DB34/3576-2020	4.22	/	No
7	Ma'anshan Conch Cement Co., Ltd.	Particulate matter	Organised	89	General discharge outlet	6.67	DB34/3576-2020	21.13	/	No
8	Taicang Conch Cement Co., Ltd.	Particulate matter	Organised	51	General discharge outlet	2.80	GB4915-2013	4.31	/	No
9	Shanghai Mingzhu Conch Cement Co., Ltd.	Particulate matter	Organised	32	General discharge outlet	5.20	GB4915-2013	1.72	19.67	No
10	Zhangjiagang Conch Cement Co., Ltd.	Particulate matter	Organised	79	General discharge outlet	4.60	GB4915-2013	11.79	/	No

6. Environmental and Social Responsibilities

Name of No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge Mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
11	Nantong Conch Cement Co., Ltd.	Particulate matter	Organised	59	General discharge outlet	4.25	GB4915-2013	8.12	/	No
12	Haimen Conch Cement Co., Ltd.	Particulate matter	Organised	137	General discharge outlet	3.82	GB4915-2013	13.62	/	No
13	Ningbo Conch Cement Co., Ltd.	Particulate matter	Organised	89	General discharge outlet	7.47	GB4915-2013	12.86	/	No
14	Shaoxing Shangyu Conch Cement Co., Ltd.	Particulate matter	Organised	42	General discharge outlet	7.34	GB4915-2013	8.50	21.50	No
15	Taizhou Conch Cement Co., Ltd.	Particulate matter	Organised	55	General discharge outlet	7.10	GB4915-2013	16.85	/	No
16	Ninghai Qiangjiao Conch Cement Co., Ltd.	Particulate matter	Organised	95	General discharge outlet	7.70	GB4915-2013	26.30	/	No
17	Xiangshan Conch Cement Co., Ltd.	Particulate matter	Organised	122	General discharge outlet	6.60	GB4915-2013	41.35	/	No
18	Zhenjiang Beigu Conch Cement Co., Ltd.	Particulate matter	Organised	13	General discharge outlet	8.05	GB4915-2013	2.87	/	No
19	Taizhou Yangwan Conch Cement Co., Ltd.	Particulate matter	Organised	129	General discharge outlet	8.00	GB4915-2013	19.16	/	No
20	Yangzhou Conch Cement Co., Ltd.	Particulate matter	Organised	142	General discharge outlet	8.40	GB4915-2013	29.03	/	No
21	Jiangsu Baling Conch Cement Co., Ltd.	Particulate matter	Organised	98	General discharge outlet	8.02	GB4915-2013	20.62	/	No
22	Huai'an Conch Cement Co., Ltd.	Particulate matter	Organised	45	General discharge outlet	8.09	GB4915-2013	11.58	/	No

6. Environmental and Social Responsibilities

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge Mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
23	Huai'an Chuzhou Conch Cement Co., Ltd.	Particulate matter	Organised	165	General discharge outlet	7.97	GB4915-2013	16.77	/	No
24	Yueqing Conch Cement Co., Ltd.	Particulate matter	Organised	113	General discharge outlet	7.70	GB4915-2013	20.12	/	No
25	Jiangxi Lushan Conch Cement Co., Ltd.	Particulate matter	Organised	84	General discharge outlet	9.20	GB4915-2013	218.02	/	No
26	Jiangxi Ganjiang Conch Cement Co., Ltd.	Particulate matter	Organised	105	General discharge outlet	8.64	GB4915-2013	300.72	/	No
27	Jinxian Conch Cement Co., Ltd.	Particulate matter	Organised	58	General discharge outlet	9.06	GB4915-2013	115.60	/	No
28	Nanchang Conch Cement Co., Ltd.	Particulate matter	Organised	41	General discharge outlet	8.13	GB4915-2013	32.43	/	No
29	Zhanjiang Conch Cement Co., Ltd.	Particulate matter	Organised	96	General discharge outlet	3.66	GB4915-2013	8.41	/	No
30	Maoming Dadi Cement Co., Ltd.	Particulate matter	Organised	43	General discharge outlet	3.31	GB4915-2013	3.48	/	No
31	Jiangmen Conch Cement Co., Ltd.	Particulate matter	Organised	102	General discharge outlet	5.33	GB4915-2013	18.01	/	No
32	Foshan Conch Cement Co., Ltd.	Particulate matter	Organised	92	General discharge outlet	7.80	GB4915-2013	26.75	/	No
33	Fujian Jianyang Conch Cement Co., Ltd.	Particulate matter	Organised	29	General discharge outlet	8.40	GB4915-2013	2.60	/	No

3. Environmental protection effort and achievements of the Group

During the Reporting Period, the Group comprehensively implemented the national environmental protection policy, continuously strengthened environmental protection management, continued to increase effort for environmental protection and strictly complied with the requirements of various environmental protection laws, regulations and standards. It actively leveraged the resources co-ordination between the Company's headquarters and Regional Committees to guide the subordinate subsidiaries in strengthening the operation and maintenance of environmental protection equipment, and coordinated the promotion of various environmental protection technological modification works. Therefore, the environmental protection management has continued to be improved, environmental pollution control measures operated efficiently and various pollutants were stably emitted in compliance with stable discharge standards.

During the Reporting Period, in terms of reducing nitrogen oxide emissions, the Group completed SCR denitration technological modification for 21 Clinker production lines. As of the end of the first half of the year, SCR denitration technological modification for a total of 27 Clinker production lines has been completed, thereby achieving an ultra-law emission rate for nitrogen oxides after the technological modification. On 17 April 2021, the Group's project on the "R&D and application of the key technology of the SCR denitration system for high-temperature and high-dust flue gas of the cement burning systems" passed the scientific and technological achievement appraisal of China Building Materials Federation. The results of this project were recognized as having reached internationally advanced level. In addition, the Group carried out technological modification for low-nitrogen decomposition furnaces on some production lines, achieving remarkable results in nitrogen oxides reduction.

In the area of emission reduction of sulfur dioxide, the Group continued to promote the technological modification with wet desulfurization for Clinker production lines in order to minimize the emission of sulfur dioxide. By the end of the first half of the year, technological modification with wet desulfurization has been completed for a total of more than 30 Clinker production lines. After the technological modification, sulfur dioxide emissions level has complied with the A-level corporate management and control requirement.

In the area of particulate matter emission reduction, the Group has completed the replacement of electric dust collection with bag dust collection for 41 sets of devices, with a total of 218 sets accumulatively as at the end of the first half of the year. After technological modification, the average emission concentration of particulate matter is less than 10mg/m³, which is lower than the national emission standard (according to the Emission Standard of Air Pollutants for Cement Industry (GB4915-2013), the limit of particulate matter emission in key areas is 20mg/m³).

6. Environmental and Social Responsibilities

In terms of carbon emission reduction, the Group earnestly studied and implemented the state's policy requirements in relation to "carbon peaking" and "carbon neutrality", discussed and prepared the Company's carbon emission reduction technical plan, studied and formulated mid and long-term carbon emission reduction road map, actively participated in the compilation of the "Technical Guidelines for Carbon Trading in the Building Materials Industry", and promoted industry-university-institution cooperation with scientific research institutions. During the Reporting Period, the Group implemented technological modification for comprehensive energy efficiency improvement for some Clinker production lines, extensively carried out upgrades to grate coolers, expansion of calciners, and usage of high-efficiency fans, and endeavored to reduce the Company's coal power consumption by using advanced energy-saving and emission-reduction technology and equipment in the cement industry, so as to achieve carbon dioxide emissions reduction. In addition, in order to reduce the use of fossil fuels, thereby reducing carbon emissions, the Group actively explored the use of renewable energy and continuously promoted the use of clean energy such as photovoltaic power generation and biomass alternative fuels. On 17 April 2021, the Group's project on "technology research and development and comprehensive utilization of agricultural and forestry biomass alternative fuels for cement kiln" passed the scientific and technological achievement appraisal of China Building Materials Federation. The results of this project were recognized as having reached the leading domestic standards.

All of the subsidiaries of the Group have implemented the environmental assessment approval procedure and applied for the emission permit in strict compliance with the requirements of Law of the People's Republic of China on Appraising of Environment Impacts (《中華人民共和國環境影響評價法》). All subsidiaries were equipped with online monitoring equipment in accordance with the requirements of the environmental protection authority, engaged third-party professional institutions for implementation of regulated operation maintenance, and formulated monitoring plans and conducted self-monitoring in strict compliance with the requirements of the industry's self-monitoring technology guidelines. The subsidiaries made timely payments of environmental tax based on collected data, submitted reports on the implementation of emission permit on a quarterly basis, and accepted public supervision by disclosing the companies' information on pollution discharge and legal compliance. The subsidiaries have formulated environmental emergency response plan and has completed the filing with the environmental protection authority in strict compliance with the requirements of Emergency Response Measures of the People's Republic of China (《中華人民共和國突發事件應對辦法》) and other documents. They also carried out drills regularly, enabling the Group to take actions in a quick, orderly and efficient manner to reduce damages upon occurrence of any environmental pollution incidents (accidents), thereby safeguarding the public and protecting the environment.

6. Environmental and Social Responsibilities

4. Administrative penalties due to environmental issues during the Reporting Period

During the Reporting Period, Shanghai Conch Logistic Co., Ltd., a subsidiary of the Group, was issued an administrative penalty notice by the Maritime Administration of Anqing City, Anhui Province for violating relevant provisions of the Law of the People's Republic of China on Water Pollution Prevention and Control (《中華人民共和國水污染防治法》), and was subject to an administrative fine of RMB3,000.

Save as disclosed above, during the Reporting Period, no other subsidiaries of the Group received administrative penalties due to environmental issues.

(2) CONSOLIDATING AND EXPANDING ACHIEVEMENTS IN POVERTY ALLEVIATION AND RURAL REVITALIZATION

2021 marks the beginning for consolidating and expanding the results of poverty alleviation and effectively transitioning to rural revitalization. The Group has taken various measures to carry out poverty alleviation and rural revitalization in a coordinated manner and made efforts to combine and mutually promote the two concepts in an organic manner.

In terms of poverty alleviation, the Group earnestly implemented various decisions and plans of the state and the Anhui Provincial Party Committee and Provincial Government on poverty alleviation, and actively participated in poverty alleviation in designated areas, such as Jianglaojia Village in Lixin County (利辛縣江老家村), Yuanwei Village in Huoqiu County (霍邱縣元圩村), Wangjiang County, and Wuwei County of Anhui Province. On the one hand, the Group strengthened organizational, systematic and personal safeguards to agglomerate a strong coordination for poverty alleviation. It set up an action group for poverty alleviation to provide guideline in propelling poverty alleviation works on-site; established a three-level accountability system for poverty alleviation through the coordination by the Party committee, promotion by the functional departments, and implementation by the poverty alleviation work team to ensure the normalization, institutionalization and standardization of poverty alleviation measures; and selected and assigned excellent cadres to the frontlines and provided comprehensive support for poverty alleviation work. On the other hand, on the basis of the foundational work carried out earlier, the Group further deepened, refined and solidified the poverty alleviation efforts. Taking the actual conditions of poverty alleviation areas into consideration, it tailored measures to local conditions and implemented specific policies, and established a general assistance mechanism. By means of industrial assistance, employment assistance and consumption assistance, the Group continuously stimulated the productive forces of poverty alleviation areas, enhanced the ability for self-sufficiency of poor households, and identified fundamental ways to eradicate poverty and achieve prosperity. At the same time, the Group carried out "looking back" activities for poverty alleviation to strengthen dynamic monitoring of poverty alleviation areas, prevent falling back to poverty, and continuously consolidate and expand the achievements of poverty alleviation.

6. Environmental and Social Responsibilities

In terms of rural revitalization, the subsidiaries of the Group were mostly built near mountains and villages. While investing and building factories in rural areas, the Group played a positive role in increasing local financial tax revenue, promoting employment of rural population and boosting rural economic development. Moreover, the Group drove the flow of production factors such as technology, equipment, manpower and capital, thus injecting new momentum for rural revitalization. Adhering to the operation principle of “the highest quality and the sincerest service”, the Group strove to provide high-quality cement products for the construction of new rural areas, improved the conditions for infrastructure construction such as roads, drinking water and power supply and built a favorable living environment in rural areas. Meanwhile, the Group actively performed its social responsibility as a large enterprise by effectively combining poverty alleviation with rural revitalization, donating funds to build public service centers and medical and health rooms in various areas, improving the infrastructure of nursing homes, primary and secondary schools and other places and actively carrying out activities such as donating to schools and paying visits to poor areas. The Group continuously enhanced the ability of rural areas to safeguard the basic public services such as medical care, nursing care and education and pushed forward the consistent improvement of the living condition of local people. In addition, during its ordinary production and operation process, the Group adhered to respecting nature, adapting nature and protecting nature, firmly established and practiced the concept of “lucid waters and lush mountains are invaluable assets”, strictly kept the ecological redlines, oriented at the ecological environment-friendly and effective use of resources, continuously carried out restoration treatment towards ecological environment, attached great importance to the preservation of biodiversity, continuously promote the construction of green plant, made great effort to build the digital and smart mines, pushed the changes of production and life style, so as to provide rural areas with a pleasant living environment featuring natural and beautiful landscape, a stable and sound ecosystem, and harmony between humankind and nature, thus creating a healthy cycle of ecological protection and economic growth, and promoting rural revitalization with the concept of green, low-carbon, and sustainable development.

7. Significant Events

(1) COMMITMENTS

Commitment by shareholders: In 2007, the Company issued A Shares to CV Investment as consideration for the purchase of the relevant assets of CV Investment. CV Investment has made the following undertakings in relation to the shareholders' rights arrangements in respect of the shares held: except for the rights of a shareholder of a proprietary nature (including but not limited to rights to receive dividends), CV Investment will forgo its other shareholder's rights such as rights to vote, nominate and elect Directors/Supervisors of the Company, so long as it holds the Company's shares. During the Reporting Period, CV Investment has complied with the above undertakings.

(2) APPROPRIATION OF FUNDS FOR NON-OPERATING PURPOSE BY THE CONTROLLING SHAREHOLDERS OF THE COMPANY AND OTHER RELATED PARTIES DURING THE REPORTING PERIOD

During the Reporting Period, there was no appropriation of the Company's funds for non-operating purpose by the controlling shareholder of the Company and other related parties.

(3) GUARANTEES IN VIOLATION OF THE PROVISIONS

During the Reporting Period, there was no external guarantee provided in violation of the established decision-making procedures by the Company.

(4) ANALYSIS AND EXPLANATION ON REASONS AND IMPACT OF CHANGES IN THE ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

During the Reporting Period, there was no change in the accounting policies and accounting estimates.

(5) MATERIAL LITIGATION, ARBITRATION AND NEGATIVE MEDIA INQUIRY

During the Reporting Period, the Group was not involved in any litigation, arbitration and negative media inquiry which might have a material impact on the Group's business operation and management, nor were any of the current Directors, Supervisors and members of senior management of the Company involved in any material litigation or arbitration.

(6) EVENTS REGARDING INSOLVENCY AND RESTRUCTURING

During the Reporting Period, there was no event regarding insolvency or restructuring of the Group.

7. Significant Events

(7) ACQUISITIONS AND DISPOSALS OF MATERIAL ASSETS AND EQUITY

During the Reporting Period, the Group had not conducted any acquisition and disposals of material assets or equity.

(8) CONNECTED TRANSACTIONS

During the Reporting Period, the following significant connected transactions of the Group were subsisting under the SSE Listing Rules and the HKSE Listing Rules:

1. Connected transactions or continuing connected transactions related to daily operations

(1) *Transactions with Conch Holdings—Use of trademarks*

On 23 September 1997, the Company and Conch Holdings, being its controlling shareholder, entered into a trademark licensing agreement (“Trademark Licensing Agreement”), pursuant to which the Company has been granted a license to use certain permitted trademarks (including trademarks of “海螺” and “CONCH”) on permitted products in permitted regions for the period as set out in the Trademark Licensing Agreement. The validity period of the Trademark Licensing Agreement is provided to be the same as the validity period of the permitted trademarks, and where the validity period of the permitted trademarks is extended, the validity period of the Trademark Licensing Agreement in respect of the trademarks would be extended automatically. On 22 March 2018, the Company and Conch Holdings entered into a supplemental agreement to the Trademark Licensing Agreement, pursuant to which it was agreed that the annual fees paid by the Company to Conch Holdings in respect of the use of the trademarks consist of fixed license fee and variable license fee, of which the fixed license fee is RMB15 million per annum, and the variable license fee is a license fee for the use of the permitted trademarks by the companies (not being wholly-owned subsidiaries of the Company) in which the Company holds not less than 20% shares, equity interest or registered capital, at an amount to be determined according to the sales volume of cement and Clinker.

During the Reporting Period, the fees payable by the Company to Conch Holdings in respect of the use of the trademarks amounted to RMB30.2538 million. Pursuant to the HKSE Listing Rules and the SSE Listing Rules, no announcements were required to be made in respect of such connected transaction, nor was such connected transaction subject to the independent shareholders’ approval requirement.

7. Significant Events

(2) *Transactions with Conch New Materials Company – procurement of grinding aids*

On 15 January 2021, the Company and Conch New Materials Company entered into the renewed procurement of cement admixtures (grinding aids) contract (the “First Quarter Contract”), with a validity period from the date of the contract to 31 March 2021. As stipulated in the contract, the Group shall procure cement grinding aids from Conch New Materials Company with an aggregate contract price not exceeding RMB200 million.

On 14 January 2020, the Company and Conch New Materials Company entered into the procurement of cement admixtures (grinding aids) contract (the “2020 Contract”), with a validity period from the date of the contract to 31 December 2020. The First Quarter Contract was an extended agreement of the 2020 Contract. The unit purchase price under the First Quarter Contract was determined with reference to the price of the 2020 Contract and fully taking into account the market price fluctuations of key raw materials for the production of grinding aids. The price was confirmed to be not higher than the price of similar products purchased by the Group from other independent third-party suppliers. In addition, the estimated aggregate transaction amount under the 2020 Contract was RMB800 million. The actual transaction amount (inclusive of tax) was approximately RMB796 million, which did not exceed the estimated aggregate transaction amount. When determining the contract price of the First Quarter Contract, the Company has made reference to the contract price under the 2020 Contract and the actual historical transaction amount.

On 1 April 2021, the Company and Conch New Materials Company entered into the procurement of cement admixtures (grinding aids) contract (the “2021-2022 Contract”), with a validity period from the date of the contract to 31 December 2022. As stipulated in the contract, the Group will procure three types of cement grinding aids, namely the composite type, the production-increasing type and the enhanced type, from Conch New Materials Company with an aggregate contract price not exceeding RMB1.4 billion, of which the maximum transaction amount from 1 April 2021 to 31 December 2021 is RMB600 million, and the annual cap amount for 2022 is RMB800 million.

Taking into account the stability and adaptability of grinding aid products and the availability of secured supply, the Company conducted price inquiry and comparison of current top tier domestic suppliers of cement grinding aids through a comprehensive review of, among others, the corporate performance, credit status, credibility of contract performance, financial status, production craftsmanship and technology, project management capabilities, overall strengths and price quotations of 3 suppliers (one being Conch New Materials Company and the other 2 being independent third parties). Conch New Materials Company was finally selected as the Group’s domestic supplier of cement grinding aid products in consideration of its optimal overall price-performance ratio and its

7. Significant Events

reliability in terms of secured supply. The unit purchase price of composite type cement grinding aid products under the 2021-2022 Contract was determined based on the results of the price inquiry and comparison as described above, and upon further competitive negotiations between the Company and Conch New Materials Company (the price is lower than the unit purchase price under the First Quarter Contract). The prices of the production-increasing type and the enhanced type grinding aid products are settled on the basis of the price of the composite type grinding aids products, with upward and downward adjustment of 3%. In addition, in order to protect the rights and interests of the parties, during the validity period of the contract, both parties will adjust the purchase price quarterly according to the market price fluctuations (if there are major changes) of the key raw materials for the production of grinding aids.

The 2021-2022 Contract was not a renewed or extended agreement of the First Quarter Contract, but a new agreement signed between the parties. Certain terms (including the basis for determination of the price) contained in the contract were different from those in the First Quarter Contract.

As at the end of the Reporting Period, the First Quarter Contract has been completed with the actual transaction amount (inclusive of tax) of RMB191 million. During the Reporting Period, the actual transaction amount (inclusive of tax) under 2021-2022 Contract was RMB233 million.

Conch Holdings, the Company's controlling shareholder, holds 100% shares in Conch Investment Company. Conch Investment Company holds 50.72% shares in Conch New Materials Company. Therefore, Conch New Materials Company is an associate of Conch Holdings, and thereby a connected person of the Company and the transactions contemplated under the First Quarter Contract and the 2021-2022 Contract constituted connected transactions of the Company under the HKSE Listing Rules. Since the First Quarter Contract and the 2021-2022 Contract were entered into between the Company with the same party within 12 months, according to the HKSE Listing Rules, the transactions contemplated under these contracts shall be aggregated as if they were one transaction. According to the SSE Listing Rules, Conch New Materials Company is also a related party of the Company and the transactions contemplated under the above two contracts constituted connected transactions under its definition. For details, please refer to the announcements published by the Company on the website of the Stock Exchange and the website of the Company on 15 January 2021 and 1 April 2021 respectively, and on the website of SSE on 2 April 2021.

7. Significant Events

2. Transactions with Conch Design Institute—Engineering project design and technology services, SCR denitration technology modification service

(1) *Engineering project design and technology services*

On 1 March 2021, upon approval by the Board of the Company, the Company and Conch Design Institute entered into the engineering project design and technology service contract, pursuant to which Conch Design Institute shall provide certain subsidiaries of the Company with services including engineering design and technology transformation for the Clinker production lines, cement grinding system, aggregate and commodity concrete projects. The contract price was RMB120.16 million.

The contract price of the engineering project design and technology service contract was determined with reference to Engineering Survey Design Fee Standard (2002 Revised Version) (《工程勘察設計收費標準》(2002年修訂本)) promulgated by National Development and Reform Commission of the PRC and the Ministry of Construction of the PRC; and Provisional Regulations for Preparation Works Consultation Charges for Construction Projects (Pricing Scale Document [1999] No.1283) (《建設項目前期工作諮詢收費暫行規定》(計價格[1999]1283號)) promulgated by National Development and Reform Commission of the PRC, as well as the project scale, investment amount, scope of design, technology indicators and the prevailing market prices for provision of similar services, and agreed between both parties on the basis of equality and mutual benefit.

During the Reporting Period, the transaction amount (inclusive of tax) in relation to the execution of the engineering project design and technology service contract was RMB15.432 million. If taking into account the amount incurred in connection with the performance of relevant contracts entered into in previous years, the transaction amounts (inclusive of tax) of the Company with Conch Design Institute with respect to the engineering project design and technology services during the Reporting Period amounted to RMB79.1131 million.

(2) *SCR denitration technology modification service*

On 1 March 2021, upon approval by the Board of the Company, the Company and Conch Design Institute entered into the engineering design and equipment procurement (EP) general contract, pursuant to which Conch Design Institute shall provide the SCR denitration technology modification services for 3 Clinker production lines of 3 subsidiaries of the Company. The contract price amounted to RMB37.5 million.

The Contract price of the engineering design and equipment procurement (EP) general contract was determined in accordance with the requirements of the

7. Significant Events

Engineering Survey Design Fee Standard (2002 Revised Version) (《工程勘察設計收費標準》(2002年修訂本)) jointly promulgated by National Development and Reform Commission of the PRC and the Ministry of Construction of the PRC; and Provisional Regulations for Preparation Works Consultation Charges for Construction Projects (Pricing Scale Document [1999] No.1283) (《建設項目前期工作諮詢收費暫行規定》(計價格[1999]1283號)) promulgated by National Development and Reform Commission of the PRC, as well as the project scale, scope of design, technology indicators, the prevailing market prices for provision of SCR denitration technology modification services, and agreed between both parties on the basis of equality and mutual benefits. The Company had made enquiries and comparisons of prices offered by independent third parties and the price offered to the Company by Conch Design Institute has significant price advantage.

During the Reporting Period, the transaction amount (inclusive of tax) in relation to the execution of the engineering design and equipment procurement (EP) general contract was RMB16.44 million. If taking into account the amount incurred in connection with the performance of relevant contracts entered into in previous years, the transaction amounts (inclusive of tax) of the Company with Conch Design Institute with respect to the SCR denitration technology modification services during the Reporting Period amounted to RMB264.9576 million.

Conch Design Institute is a wholly-owned subsidiary of Conch Holdings, the controlling shareholder of the Company. Pursuant to the HKSE Listing Rules, Conch Design Institute is an associate of Conch Holdings and therefore is a connected person of the Company. The transactions contemplated under engineering project design and technology service contract and the engineering design and equipment procurement (EP) general contract constitute connected transactions of the Company. Since the above two contracts, together with the engineering design and equipment procurement (EP) general contract entered into between the Company and Conch Design Institute on 13 November 2020 were entered into between the Company with the same party within 12 months, according to the HKSE Listing Rules, the transactions contemplated under these contracts shall be aggregated as if they were one transaction. Pursuant to the SSE Listing Rules, Conch Design Institute is also a related party of the Company and the transactions under the above two contracts also constituted connected transactions under its definition. As the aggregate contract amount of the above two contracts is less than 0.5% of the Company's latest audited net asset, and save as disclosed above, the information disclosure obligation for the contracts entered into between the Company and Conch Design Institute during the past 12 months has been performed, an ad hoc announcement was not required to be published for the said transactions under the SSE Listing Rules. Please refer to the announcement of the Company published on the websites of the Stock Exchange and the Company on 1 March 2021 for further details.

7. Significant Events

(9) MATERIAL CONTRACTS

1. The Group was not involved in any material entrustment, contracting or leasing of assets of other companies, nor were any other companies involved in any entrustment, contracting or leasing of assets of the Company during the Reporting Period or during the previous periods but subsisting in the Reporting Period.
2. **Guarantees**

During the Reporting Period, all the external guarantees of the Company were in compliance with the approval procedures of the Board and/or the general meeting, and the guarantees provided by the Company to its majority-owned subsidiaries amounted to RMB452.20 million, all being guarantees for collateral liabilities, the details of which are as follows:

No.	Guaranteed company	Shareholding proportion of the Company	Amount Guaranteed by the Company (RMB'000)	Guaranteed period	Date of guarantee contract	Name of creditor
1	PT Conch Cement Indonesia	75%	161,500 (US\$25 million)	1 year	2021.3.8	Citibank, Jakarta Branch
2	PT Conch North Sulawesi Cement	100%	290,700 (US\$45 million)	2 years	2021.6.1	Sumitomo Mitsui Banking Corporation, Jakarta Branch
Total			452,200			

During the Reporting Period, the Company provided an aggregate amount of RMB452.20 million as guarantees for subsidiaries with a gearing ratio of over 70%. Except for the guarantees for the bank loans as set out in the table above, the Company provided guarantees of RMB1,039.42 million, RMB20.00 million and RMB1,938.03 million respectively for the trade finance facilities granted to Shanghai Conch Building Materials International Trade Company Limited, Wuhu Southeast Asia International Trading Co., Ltd. and Conch International Holdings (HK) Limited.

As at the end of the Reporting Period, the aggregate balance of external guarantees provided by the Company (including those provided for its subsidiaries and joint ventures) was RMB9,681.73 million, (including RMB4,043.10 million and USD872.84 million), representing 5.86% of the net assets of the Group as at the end of the Reporting Period. Among which, the aggregate balance of the guarantees provided to its subsidiaries was RMB8,856.95 million and that for its joint ventures was RMB824.78 million.

7. Significant Events

As at the end of the Reporting Period, save for the guarantees for two joint ventures, namely, Myanmar Conch Cement Co., Ltd. and PT SDIC Papua Cement Indonesia, the Company did not provide any other guarantee for its controlling shareholder, de facto controllers, other related parties and any entities which are not legal persons or individuals. Save for the guarantees above, the Group did not provide any other guarantees or pledges, nor did the Group have any other significant contingent liabilities.

(10) PENALTIES AND/OR REMEDIES IN RELATION TO THE COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

During the Reporting Period, none of the Company, its existing Directors, Supervisors, senior management, controlling shareholder and de facto controller was subject to any penalties by the competent authorities.

(11) STATUS OF INTEGRITY OF THE COMPANY, ITS CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

During the Reporting Period, there was no unenforced effective legal instruments of court, and no default in payment of outstanding due debt of relatively large amount by the Company, its controlling shareholder and de facto controller.

(12) NO EVENT THAT MIGHT IMPOSE MATERIAL IMPACTS ON THE GROUP

As at the end of the Reporting Period and up to the date of this interim report, there was no occurrence of any event that might impose material impacts on the Group.

8. Changes in Shares and Shareholders

(1) TOTAL NUMBER OF SHARES AND SHAREHOLDING STRUCTURE

There was no change in the total number of shares and the shareholding structure of the Company during the Reporting Period, as detailed below:

(Unit: Share)

Class of shares	Before change		Increase/decrease (+,-) Transfer			After change	
	Number	Percentage (%)	Issue of new shares	from capital reserve	Subtotal	Number	Percentage (%)
1. Shares subject to trading restrictions	-	-	-	-	-	-	-
(1) State-owned legal person shares	-	-	-	-	-	-	-
(2) Other domestic shares	-	-	-	-	-	-	-
2. Shares not subject to trading restrictions	5,299,302,579	100	-	-	-	5,299,302,579	100
(1) RMB-denominated ordinary shares							
(i.e. A Shares)	3,999,702,579	75.48	-	-	-	3,999,702,579	75.48
(2) Overseas-listed foreign shares							
(i.e. H Shares)	1,299,600,000	24.52	-	-	-	1,299,600,000	24.52
3. Total number of shares	5,299,302,579	100	-	-	-	5,299,302,579	100

8. Changes in Shares and Shareholders

(2) SHAREHOLDERS

As at the end of the Reporting Period, the total number of shareholders and the shareholdings of the top ten registered shareholders of the Company are set out as follows: as at the end of the Reporting Period, the total number of shareholders of the Company was 413,342, 93 of which were holders of H shares.

Name of shareholder	Nature of shareholder	Number of shares held at the end of the Reporting Period (share)	Percentage of shareholding (%)	Class of shares	Pledged or frozen Status	Number of shares (share)
1. Conch Holdings ^(Note 1)	State-owned legal person	1,928,870,014	36.40	A Shares	Nil	-
2. HKSCC Nominees Limited ^(Note 2)	Foreign legal person	1,298,377,610	24.50	H Shares	Unknown	Unknown
3. Hong Kong Securities Clearing Company Limited	Foreign legal person	335,121,875	6.32	A Shares	Unknown	Unknown
4. China Securities Finance Corporation Limited	State-owned legal person	158,706,314	2.99	A Shares	Unknown	Unknown
5. Central Huijin Asset Management Ltd.	State-owned legal person	70,249,600	1.33	A Shares	Unknown	Unknown
6. CV Investment ^(Note 3)	Domestic non-state-owned legal person	39,835,600	0.75	A Shares	Nil	-
7. Hillhouse Capital Management Co., Ltd. – HCM China Fund	Others	37,322,610	0.70	A Shares	Unknown	Unknown
8. Guosen Securities Co., Ltd.	Others	21,076,558	0.40	A Shares	Unknown	Unknown
9. Industrial & Commercial Bank of China – SSE 50 Trading Open-end Index Securities Investment Fund	Others	16,007,578	0.30	A Shares	Unknown	Unknown
10. He Xiangjian	Domestic natural person	15,589,853	0.29	A Shares	Unknown	Unknown

8. Changes in Shares and Shareholders

Notes:

- (1) During the Reporting Period, there was no change in the number of the shares of the Company held by Conch Holdings. The shares held by Conch Holdings were not subject to any pledge, freezing order or trust.
- (2) HKSCC Nominees Limited held 1,298,377,610 H Shares of the Company, representing 24.50% of the total share capital of the Company, and 99.91% of the issued H Shares of the Company. These shares were held on behalf of its various clients.
- (3) As at the end of the Reporting Period, CV Investment held 39,835,600 A Shares, of which 34,200,903 shares were acquired through purchase in the secondary market, and have voting rights in accordance with the law and 5,634,697 shares were acquired through the Company's issue of shares as consideration for purchase of assets from CV Investment and the capitalization of capital reserve fund. According to the relevant commitments made by CV Investment, such shares didn't have voting rights. For details, please refer to " (1) Commitments" in "7. Significant Events" of this report.
- (4) All the above shares are floating shares not subject to trading restrictions.
- (5) The Board is not aware of any connected relationship or acting in concert relationship among the above-mentioned shareholders.
- (6) During the Reporting Period, the Company did not carry out share repurchase, so there was no designated repurchase account among the top ten shareholders.

8. Changes in Shares and Shareholders

(3) SUBSTANTIAL SHAREHOLDERS

As at the end of the Reporting Period, the following persons (other than the Directors or chief executive of the Company) held interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO (references to Directors or chief executive in this paragraph include Supervisors):

Name of shareholder	Number of ordinary shares held	Capacity	Percentage of shareholding of the relevant class of shares
Conch Holdings	1,928,870,014 A Shares (long position) (Note 1)	Interest of a controlled corporation/Beneficial owner	48.23% (Note 2)
Anhui Provincial Investment Group Holding Co., Ltd.	1,928,870,014 A Shares (long position) (Note 1)	Interest of a controlled corporation	48.23% (Note 2)
Conch Venture Property	1,928,870,014 A Shares(long position) (Note 1)	Interest of a controlled corporation	48.23% (Note 2)
Conch Venture	1,928,870,014 A Shares(long position) (Note 1)	Interest of a controlled corporation	48.23% (Note 2)
Taiwan Cement Corporation	116,568,000 H Shares (long position) (Note 4)	Interest of a controlled corporation	8.97% (Note 3)
Citigroup Inc.	104,125,940 H Shares (long position) (Note 5)	Interest of a controlled corporation/Approved lending agent	8.01% (Note 3)
Citigroup Inc.	4,327,417 H Shares (short position) (Note 5)	Interest of a controlled corporation	0.33% (Note 3)
JPMorgan Chase & Co.	77,702,712 H Shares (long position) (Note 6)	Interest of a controlled corporation/Investment manager/Person having a security interest in shares/Trustee/ Approved lending agent	5.97% (Note 3)

8. Changes in Shares and Shareholders

Name of shareholder	Number of ordinary shares held	Capacity	Percentage of shareholding of the relevant class of shares
JPMorgan Chase & Co.	13,834,985 H Shares (short position) (Note 6)	Interest of a controlled corporation	1.06% (Note 3)
BlackRock, Inc.	71,406,077 H Shares (long position) (Note 7)	Interest of a controlled corporation	5.49% (Note 3)
BlackRock, Inc.	2,173,000 H Shares (short position) (Note 7)	Interest of a controlled corporation	0.17% (Note 3)
UBS Group AG	68,046,617 H Shares (long position) (Note 8)	Interest of a controlled corporation	5.24% (Note 3)
UBS Group AG	3,538,124 H Shares (short position) (Note 8)	Interest of a controlled corporation	0.27% (Note 3)

Notes:

- (1) Anhui Provincial Investment Group Holdings Co., Ltd. ("Anhui Provincial Investment Group") and Conch Venture Property held 51% and 49% of the equity interests in Conch Holdings, respectively. Conch Venture Property is wholly owned by Anhui Conch Venture New Energy-saving Building Material Co., Ltd. ("CV Green"), which is in turn wholly owned by China Conch Venture Holdings (HK) Limited ("CV HK"). CV HK is wholly owned by China Conch Venture Holdings International Limited ("CV International"). CV International is a wholly-owned subsidiary of Conch Venture. Pursuant to the SFO, Anhui Provincial Investment Group, Conch Venture Property, CV Green, CV HK, CV International and Conch Venture were deemed to have interests in the entire number of shares of the Company held by Conch Holdings.
- (2) The total number of domestic shares in issue was 3,999,702,579 shares, all of which were A Shares.
- (3) The total number of H Shares in issue was 1,299,600,000 shares.
- (4) Based on the disclosure of interests form submitted by Taiwan Cement Corporation on 12 December 2008 in respect of the relevant event that occurred on 11 December 2008, 38,856,000 H Shares were held by Taiwan Cement Corporation through certain of its subsidiaries. Assuming that the company has not disposed of any shares, upon implementation of the proposal of capitalization of capital reserve fund by the Company in 2010 and 2011, Taiwan Cement Corporation held 116,568,000 H Shares of the Company accordingly.

8. Changes in Shares and Shareholders

- (5) Based on the disclosure of interests form submitted by Citigroup Inc. on 28 June 2021 in respect of the relevant event that occurred on 23 June 2021, these shares were held through certain subsidiaries of Citigroup Inc.. Of the 104,125,940 H Shares (long position), 4,966,598 shares were held in the capacity of interest of a controlled corporation; 99,159,342 shares (securities in lending pool) were held in the capacity of approved lending agent. 4,327,417 H Shares (short position) were held in the capacity of interest of a controlled corporation.
- (6) Based on the disclosure of interests form submitted by JPMorgan Chase & Co. on 29 June 2021 in respect of the relevant event that occurred on 24 June 2021, these shares were held through certain subsidiaries of JPMorgan Chase & Co.. Of the 77,702,712 H Shares (long position), 14,996,248 shares were held in the capacity of interest of a controlled corporation; 9,696,825 shares were held in the capacity of investment manager; 3,923,995 shares were held in the capacity of person having a security interest in shares; 57,890 shares were held in the capacity of trustee; 49,027,754 shares (securities in lending pool) were held in the capacity of approved lending agent. 13,834,985 H Shares (short position) were held in the capacity of interest of a controlled corporation.
- (7) Based on the disclosure of interests form submitted by BlackRock, Inc. on 15 June 2021 in respect of the relevant event that occurred on 10 June 2021, these shares were held through certain subsidiaries of BlackRock, Inc. in the capacity of interest of a controlled corporation.
- (8) Based on the disclosure of interests form submitted by UBS Group AG on 22 July 2021 in respect of the relevant event that occurred on 3 June 2021, these shares were held through certain subsidiaries of UBS Group AG in the capacity of interest of a controlled corporation.

Save for the aforesaid shareholders, as at the end of the Reporting Period, the Company was not aware of any interests and short positions as recorded in the register required to be kept pursuant to section 336 of the SFO.

(4) PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

(5) ISSUE OF PREFERENCE SHARES AND PRE-EMPTIVE RIGHTS

During the Reporting Period, the Company did not issue any preference shares. Under the Articles and the laws of the PRC, the Company is not required to offer to its existing shareholders pre-emptive right to acquire new shares in proportion to their shareholdings.

8. Changes in Shares and Shareholders

(6) CHANGES IN THE NUMBER OF SHARES OF THE COMPANY HELD BY DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

Name	Position	Number of shares held as at 31 December 2020 (share)	Number of shares sold during the Reporting Period (share)	Number of shares held as at 30 June 2021 (share)
Li Xiaobo	Deputy general manager	193,000	–	193,000
Ke Qiubi	Deputy general manager	210,445	–	210,445

According to the shareholding reduction plan submitted by Mr. Ke Qiubi, the deputy general manager, the Company disclosed his plan to reduce shareholdings in the Company on the SSE website on 8 April 2021. During the Reporting Period, Mr. Ke Qiubi has not reduced any shares and has not yet completed the implementation of reduction plan. The Company will fulfill its information disclosure obligations in a timely manner pursuant to the progress of his shareholding reduction.

Save as disclosed above, none of the other Directors, Supervisors and senior management members of the Company held, or traded any share of the Company during the Reporting Period.

(7) INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

During the Reporting Period, none of the Directors, chief executive and Supervisors of the Company nor any of their respective close associates (as defined in the HKSE Listing Rules) held any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO), nor had they been granted or exercised the above rights, which were recorded in the register of the Company required to be kept and maintained in accordance with section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) as set out in Appendix 10 to the HKSE Listing Rules.

During the Reporting Period, none of the Directors and Supervisors of the Company had material interest in any contract entered into by the Company or its subsidiaries.

8. Changes in Shares and Shareholders

(8) CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

During the Reporting Period, the Company complied with all the code provisions as set out in the Corporate Governance Code and the Corporate Governance Report in Appendix 14 to the HKSE Listing Rules.

(9) MODEL CODE

The Company has adopted a code of practice regarding Directors' securities transactions on terms no less exacting than the required standard in the Model Code as set out in Appendix 10 to the HKSE Listing Rules. Having made specific enquiries to all Directors by the Company, all Directors of the Company confirmed that they have complied with the required standards as set out in the Model Code and the Company's code of conduct in relation to securities transactions by Directors during the Reporting Period.

(10) STAFF AND REMUNERATION

As of the end of the Reporting Period, there were 46,312 staff members under the employment of the Group with a total remuneration of approximately RMB3,616 million, which was the total amount of remuneration of staff for the Reporting Period.

During the Reporting Period, the Group implemented an annual remuneration system for its middle and senior management members whose annual salary was assessed based on the Group's production and sales volume, profitability, costs and other key indicators according to the annual objective accountability assessment system, while a position-based and performance-linked salary system was adopted for its professional technical management staff and general staff whose salary was assessed based on position indicators and performance of their duties and responsibilities according to the objective assessment management system based on positions.

8. Changes in Shares and Shareholders

During the Reporting Period, based on the training management systems at its head office, regional entities and subsidiaries, the Group continued to innovate the training methods, comprehensively organised and provided multi-level and diversified training programmes, with an aim to enhance the management capability of the cadres and strengthen the professional skills of the staff. Leveraging on the external training resources, the headquarters of the Group provided off-the-job training for the cadres, thus effectively improving the massive cadres' ability in production, operation and management and continuously improving the construction of youth talent team. Efforts were made by each regional branch to strengthen trainings for middle management staff, so as to improve the professional management capability of the middle management staff. Meanwhile, the Group explored the idea of construction of regional training center to centralize regional high-quality resources and conduct centralized training for different professional management personnel within the region, thereby establishing a more mature and complete training system. In light of the actual training needs, the Group's subsidiaries also provided daily training for staff from different functions and departments, so as to secure adequate reserve of human resources for stable production and effective management control. At the same time, The Group continued to innovate training methods, developed micro-courses, thereby enhancing the pertinency and effectiveness of the training and further improving the training system of the Company.

(11) CHANGE IN CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

During the Reporting Period, there was no change in controlling shareholders and de facto controller of the Company.

9. Information on Bonds

(1) GENERAL INFORMATION ON CORPORATE BONDS

Name of Bonds	Abbreviation	Code	Issuance Date	Value date	Maturity Date
2012 Corporate Bonds of Anhui Conch Cement Company Limited ("2012 Corporate Bonds")	12 Conch 02	122203	2012.11.7	2012.11.7	2022.11.6

Balance of Bonds (RMB billion)	Interest Rate (%)	Mode of Repayment of Principal and Interest	Stock Exchange	Trading mechanism	Whether the risk of termination of listing exists
3.499	5.10	Interest is payable annually, and the final interest shall be paid together with the principal amount	SSE	Bonds trading mechanism of SSE	No

As at the date of this report, no outstanding bonds of the Company were overdue.

(2) CREDIT RATING AGENCY AND RATING TRACKING OF CORPORATE BONDS

According to the credit rating notice (Xinpingweihanzi [2021] tracking No.0385) and rating tracking report issued by China Chengxin International Credit Rating Co., Ltd. ("China Chengxin International") on 24 May 2021, by tracking and analyzing the credit rating of the Company and the Company's 2012 Corporate Bonds, and as considered and determined by the credit rating committee of China Chengxin International, China Chengxin International maintained the Company's main credit rating of AAA with stable rating outlook, and also maintained the credit rating of its 2012 Corporate Bonds of AAA. The above-mentioned rating tracking report was published on the respective websites of the Stock Exchange, the Company and the SSE on 25 May 2021.

9. Information on Bonds

(3) GUARANTEE AND DEBT REPAYMENT PLAN AND OTHER DEBT REPAYMENT GUARANTEE MEASURES IN RELATION TO THE CORPORATE BONDS OF THE COMPANY DURING THE REPORTING PERIOD

Conch Holdings, the controlling shareholder of the Company, provided unconditional and irrevocable guarantee by way of joint liability assurance for the 2012 Corporate Bonds issued by the Company. As of 30 June 2021, the accumulative outstanding balance of external guarantees provided by Conch Holdings amounted to RMB9.0 billion, representing 13.73% of the unaudited net assets (excluding minority interests) of Conch Holdings as at 30 June 2021. The debt repayment plan for the 2012 Corporate Bonds issued by the Company is as follows:

The interests of the 2012 Corporate Bonds of the Company which have a maturity of ten years shall be paid by the issuer through the share registrar and the relevant authorities on 7 November of each year during the period from the first year to the tenth year after the issuance date, and the principal amount shall be paid by the issuer through the share registrar and the relevant authorities on 7 November 2022. For the investors who have exercised their sell-back options, the interest of the corporate bonds sold back was paid by the issuer through the share registrar and the relevant authorities on 7 November of each year during the period from the first year to the seventh year after the issuance date, and the principal amount of the corporate bonds sold back was paid by the issuer through the share registrar and the relevant authorities on 7 November 2019.

During the Reporting Period, the Company strictly executed the aforesaid debt repayment plan, so as to protect the interests of the creditors of the Company.

The major financial indicators (unaudited) of Conch Holdings, the guarantor for the 2012 Corporate Bonds of the Company, as at 30 June 2021 are as follows:

Items	30 June 2021
Net assets (RMB billion)	184.843
Gearing ratio (%)	26.38
Return on net assets (%)	9.35
Current ratio (%)	290.53
Quick ratio (%)	257.89

9. Information on Bonds

(4) ACCOUNTING INFORMATION AND FINANCIAL INDICATORS OF THE COMPANY UP TO THE END OF THE REPORTING PERIOD AND THE PREVIOUS YEAR (OR THE REPORTING PERIOD AND THE CORRESPONDING PERIOD OF THE PREVIOUS YEAR)

Major indicators	30 June 2021 (Unaudited)	31 December 2020	Change as at the end of the Reporting Period as compared to that at the end of the previous year (%)	Reason for the change
Current ratio (%)	513.92	466.41	Increased by 47.51 percentage points	Decrease in current liabilities such as taxes payables and payroll payables
Quick ratio (%)	472.31	437.51	Increased by 34.80 percentage points	Decrease in current liabilities such as taxes payables and payroll payables
Gearing ratio (%)	14.55	16.30	Decreased by 1.75 percentage points	Decrease in liabilities such as taxes payables and payroll payables
Loan repayment rate (%)	100	100	-	-

9. Information on Bonds

Major indicators	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)	Change from that of the corresponding period of the previous year Reason for the change (%)
EBITDA interest coverage ratio	120.53	111.40	8.20 Period-on-period decrease in interest expense of borrowings
Interest payment ratio (%)	100	100	- -
Net profit attributable to equity shareholders of the Company after extraordinary items (RMB'000)	14,005,501	15,526,697	-9.80 Period-on-period decrease in net profits
EBITDA/total debts ratio	0.78	0.71	10.88 Decrease in total liabilities as compared to the same period of last year
Interest coverage ratio	105.55	99.32	6.27 Period-on-period decrease in interest expense of borrowings
Cash interest coverage ratio	64.71	66.60	-2.84 Period-on-period decrease in cash flow generated from operating activities

10. Financial Accounting Report (Unaudited)

Consolidated statement of profit or loss

for the six months ended 30 June 2021 – unaudited

(Expressed in Renminbi Yuan ("RMB"))

	Note	Six months ended 30 June	
		2021 RMB'000	2020 RMB'000
Revenue	3	80,432,865	74,006,895
Cost of sales and services rendered		(58,657,340)	(51,348,962)
Gross profit		21,775,525	22,657,933
Other revenue	4(a)	2,596,981	2,283,562
Other net (loss)/income	4(b)	(130,892)	11,847
Selling and marketing costs		(1,947,448)	(1,791,651)
Administrative expenses		(2,592,529)	(1,853,583)
Profit from operations		19,701,637	21,308,108
Finance costs	5(a)	(190,029)	(216,603)
Share of profits of an associate		234,942	160,966
Share of profits of joint ventures		139,639	261,871
Profit before taxation	5	19,886,189	21,514,342
Income tax	6	(4,499,215)	(4,878,210)
Profit for the period		15,386,974	16,636,132
Attributable to:			
Equity shareholders of the Company		14,968,080	16,086,075
Non-controlling interests		418,894	550,057
Profit for the period		15,386,974	16,636,132
Earnings per share	7		
Basic		RMB2.82	RMB3.04
Diluted		RMB2.82	RMB3.04

The notes on pages 83 to 116 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 19.

10. Financial Accounting Report (Unaudited)

Consolidated statement of profit and loss and other comprehensive income

for the six months ended 30 June 2021 – unaudited

(Expressed in Renminbi Yuan)

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Profit for the period	15,386,974	16,636,132
Other comprehensive income for the period (after tax and reclassification adjustments):		
Item that will not be reclassified to profit or loss:		
Equity investments at fair value through other comprehensive income (“FVOCI”) – net movement in fair value reserve (non-recycling)	(56,156)	112,146
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	(100,675)	(38,183)
Shares of other comprehensive income of investees	(42,570)	20,406
Other comprehensive income for the period	(199,401)	94,369
Total comprehensive income for the period	15,187,573	16,730,501
Attributable to:		
Equity shareholders of the Company	14,800,840	16,171,799
Non-controlling interests	386,733	558,702
Total comprehensive income for the period	15,187,573	16,730,501

The notes on pages 83 to 116 form part of this interim financial report.

10. Financial Accounting Report (Unaudited)

Consolidated statement of financial position

at 30 June 2021 – unaudited

(Expressed in Renminbi Yuan)

	Note	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Non-current assets			
Property, plant and equipment			
– Investment properties	8	83,570	84,159
– Other property, plant and equipment	9	73,419,804	72,752,905
Intangible assets		8,715,130	8,496,930
Goodwill		576,042	576,042
Interests in an associate		2,478,544	2,370,857
Interests in joint ventures		1,938,863	1,852,183
Loans and receivables	10	532,011	459,716
Long-term prepayments		717,550	31,366
Financial assets measured at FVOCI	11	316,367	391,241
Financial assets measured at fair value through profit or loss (“FVPL”)	12	3,427,688	–
Deferred tax assets		991,056	851,777
		93,196,625	87,867,176
Current assets			
Inventories	13	8,711,771	7,001,615
Trade and bills receivables	14	10,986,885	10,888,831
Financial assets measured at FVPL	12	24,556,637	26,882,714
Prepayments and other receivables	15	5,702,272	5,802,159
Amounts due from related parties	22(d)	250,363	292,154
Tax recoverable		64,717	60,941
Restricted cash deposits		556,158	539,881
Bank deposits with maturity over three months		49,711,973	44,960,903
Cash and cash equivalents	16	7,170,178	16,676,384
		107,710,954	113,105,582

The notes on pages 83 to 116 form part of this interim financial report.

10. Financial Accounting Report (Unaudited)

Consolidated statement of financial position (Continued)

at 30 June 2021 – unaudited
(Expressed in Renminbi Yuan)

	Note	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Current liabilities			
Trade and bills payables	17	5,602,665	4,565,797
Other payables and accruals		5,605,353	7,429,267
Current portion of long-term payables		61,347	519,477
Contract liabilities		3,564,423	4,237,555
Bank loans and other borrowings	18	3,379,018	3,109,211
Lease liabilities		9,913	17,107
Amounts due to related parties	22(d)	445,776	383,924
Current taxation		2,266,384	3,960,783
		20,934,879	24,223,121
Net current assets			
		86,776,075	88,882,461
Total assets less current liabilities			
		179,972,700	176,749,637
Non-current liabilities			
Bank loans and other borrowings	18	6,436,094	6,808,050
Lease liabilities		15,223	23,323
Long-term payables		366,522	397,439
Deferred income		707,734	686,349
Deferred tax liabilities		913,976	771,567
		8,439,549	8,686,728
NET ASSETS			
		171,533,151	168,062,909

The notes on pages 83 to 116 form part of this interim financial report.

10. Financial Accounting Report (Unaudited)

Consolidated statement of financial position (Continued)

at 30 June 2021 – unaudited

(Expressed in Renminbi Yuan)

	Note	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
CAPITAL AND RESERVES			
Share capital		5,299,303	5,299,303
Reserves		159,924,503	156,381,492
Total equity attributable to equity shareholders of the Company		165,223,806	161,680,795
Non-controlling interests		6,309,345	6,382,114
TOTAL EQUITY		171,533,151	168,062,909

The notes on pages 83 to 116 form part of this interim financial report.

10. Financial Accounting Report (Unaudited)

Consolidated statement of changes in equity

for the six months ended 30 June 2021 – unaudited

(Expressed in Renminbi Yuan)

	Attributable to equity shareholders of the Company											
	Note	Share capital	Share premium	Capital reserve	Exchange reserve	Statutory surplus reserve	Fair value reserve (non-recycling)	Share of other comprehensive income of investees	Retained profits	Total	Non-controlling interests	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2020		5,299,303	10,135,850	227,196	(30,764)	2,649,654	156,833	17,442	118,730,888	137,186,402	4,944,372	142,130,774
Changes in equity for the six months ended 30 June 2020:												
Profit for the period		-	-	-	-	-	-	-	16,086,075	16,086,075	550,057	16,636,132
Other comprehensive income		-	-	-	(46,828)	-	168,353	20,406	-	141,931	8,645	150,576
Total comprehensive income		-	-	-	(46,828)	-	168,353	20,406	16,086,075	16,228,006	558,702	16,786,708
Dividends declared by non-wholly owned subsidiaries to non-controlling shareholders		-	-	-	-	-	-	-	-	-	(269,276)	(269,276)
Dividends approved in respect of the previous year	19(b)	-	-	-	-	-	-	-	(10,598,605)	(10,598,605)	-	(10,598,605)
Capital contribution received by non-wholly owned subsidiaries from non-controlling shareholders		-	-	-	-	-	-	-	-	-	255,000	255,000
Acquisition of subsidiary with non-controlling interests		-	-	-	-	-	-	-	-	-	336,988	336,988
Other comprehensive income carried forward to retained earnings		-	-	-	-	-	(56,207)	-	56,207	-	-	-
Share of change of capital reserve of the investees		-	-	7,840	-	-	-	-	-	7,840	-	7,840
Balance at 30 June 2020		5,299,303	10,135,850	235,036	(77,592)	2,649,654	268,979	37,848	124,274,565	142,823,643	5,825,786	148,649,429

Consolidated statement of changes in equity

The notes on pages 83 to 116 form part of this interim financial report.

10. Financial Accounting Report (Unaudited)

Consolidated statement of changes in equity (Continued)

for the six months ended 30 June 2021 – unaudited

(Expressed in Renminbi Yuan)

Note	Attributable to equity shareholders of the Company										
	Share capital	Share premium	Capital reserve	Exchange reserve	Statutory surplus reserve	Fair value reserve (non-recycling)	Share of other comprehensive income of investees	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 30 June 2020 and 1 July 2020	5,299,303	10,135,850	235,036	(77,592)	2,649,654	268,979	37,848	124,274,565	142,823,643	5,825,786	148,649,429
Changes in equity for the six months ended 31 December 2020:											
Profit for the period	-	-	-	-	-	-	-	19,077,463	19,077,463	692,348	19,769,811
Other comprehensive income	-	-	-	(138,388)	-	(57,404)	(13,123)	-	(208,915)	(37,054)	(245,969)
Total comprehensive income	-	-	-	(138,388)	-	(57,404)	(13,123)	19,077,463	18,868,548	655,294	19,523,842
Dividends declared by non-wholly owned subsidiaries to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(105,487)	(105,487)
Capital contribution received from non-controlling interests	-	-	-	-	-	-	-	-	-	87,200	87,200
Acquisition of non-controlling interests without a change of control	-	(15,414)	-	-	-	-	-	-	(15,414)	(19,915)	(35,329)
Liquidation of subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	-	(60,764)	(60,764)
Transfer of fair value reserve upon the disposal of financial assets at FVOCI	-	-	-	-	-	(1,092)	-	1,092	-	-	-
Share of change of capital reserve of the investees	-	-	4,018	-	-	-	-	-	4,018	-	4,018
Balance at 31 December 2020	5,299,303	10,120,436	239,054	(215,980)	2,649,654	210,483	24,725	143,353,120	161,680,795	6,382,114	168,062,909

The notes on pages 83 to 116 form part of this interim financial report.

10. Financial Accounting Report (Unaudited)

Consolidated statement of changes in equity (Continued)

for the six months ended 30 June 2021 – unaudited

(Expressed in Renminbi Yuan)

	Attributable to equity shareholders of the Company											
	Note	Share	Share	Capital	Exchange	Statutory	Fair value	Share of other	Retained profits	Total	Non-	Total equity
		capital	premium	reserve	reserve	surplus	reserve	comprehen-			controlling	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	(non- recycling)	sive income of investees			interests	
Balance at 1 January 2021	5,299,303	10,120,436	239,054	(215,980)	2,649,654	210,483	24,725	143,353,120	161,680,795	6,382,114	168,062,909	
Changes in equity for the six months ended 30 June 2021:												
Profit for the period	-	-	-	-	-	-	-	14,968,080	14,968,080	418,894	15,386,974	
Other comprehensive income	-	-	-	(68,514)	-	(56,156)	(42,570)	-	(167,240)	(32,161)	(199,401)	
Total comprehensive income	-	-	-	(68,514)	-	(56,156)	(42,570)	14,968,080	14,800,840	386,733	15,187,573	
Dividends declared by non-wholly owned subsidiaries to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(547,285)	(547,285)	
Dividends approved in respect of the previous year	19(b)	-	-	-	-	-	-	(11,234,521)	(11,234,521)	-	(11,234,521)	
Capital contribution received by non-wholly owned subsidiaries from non-controlling shareholders	-	-	-	-	-	-	-	-	-	78,500	78,500	
Acquisition of non-controlling interests without a change of control	-	(29,572)	-	-	-	-	-	-	(29,572)	9,283	(20,289)	
Share of change of capital reserve of the investees	-	-	6,264	-	-	-	-	-	6,264	-	6,264	
Balance at 30 June 2021	5,299,303	10,090,864	245,318	(284,494)	2,649,654	154,327	(17,845)	147,086,679	165,223,806	6,309,345	171,533,151	

The notes on pages 83 to 116 form part of this interim financial report.

10. Financial Accounting Report (Unaudited)

Condensed consolidated cash flow statement

for the six months ended 30 June 2021 – unaudited
(Expressed in Renminbi Yuan)

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Operating activities		
Cash generated from operations	18,472,405	20,845,964
– Income tax paid	(6,175,542)	(6,284,375)
– Interest paid	(81,573)	(110,227)
Net cash generated from operating activities	12,215,290	14,451,362
Investing activities		
Payments for purchase of property, plant and equipment, land use rights and intangible assets	(5,926,282)	(3,518,051)
Proceeds from maturity of bank deposits with maturity over three months	8,152,306	15,613,272
Investment in bank deposits with maturity over three months	(12,903,376)	(27,213,272)
Receipts from wealth management products	11,000,000	11,000,000
Payments for purchase of wealth management products	(11,900,000)	(7,000,000)
Investment income on wealth management products	388,181	459,503
Interest income on financial assets measured at amortised cost	1,287,733	1,194,140
Proceeds from disposal of financial assets measured at FVOCI	–	62,595
Payments for acquisition of subsidiaries and non-controlling interests	(45,669)	(412,011)
Other cash flows arising from investing activities	62,570	64,399
Net cash used in investing activities	(9,884,537)	(9,749,425)

The notes on pages 83 to 116 form part of this interim financial report.

10. Financial Accounting Report (Unaudited)

Condensed consolidated cash flow statement (Continued)

for the six months ended 30 June 2021 – unaudited
(Expressed in Renminbi Yuan)

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Financing activities		
Capital element and interest element of lease rentals paid	(7,873)	(10,733)
Proceeds from new bank loans and other borrowings	1,424,810	2,913,035
Repayments of bank loans and other borrowings	(1,504,884)	(1,997,900)
Dividends paid to equity shareholders of the Company	(11,229,755)	(10,602,157)
Dividends paid to non-controlling interests of subsidiaries	(542,906)	(253,346)
Capital contribution from non-controlling interests	78,500	255,000
Other cash flow (used in) /arising from financing activities	(25,289)	1,288
Net cash used in financing activities	(11,807,397)	(9,694,813)
Net decrease in cash and cash equivalents	(9,476,644)	(4,992,876)
Effect of foreign exchange rate changes	(29,562)	17,246
Cash and cash equivalents at 1 January	16,676,384	22,014,145
Cash and cash equivalents at 30 June	7,170,178	17,038,515

The notes on pages 83 to 116 form part of this interim financial report.

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial report of Anhui Conch Cement Company Limited (the “Company”) and its subsidiaries (collectively the “Group”) has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34 “*Interim Financial Reporting*” adopted by the International Accounting Standards Board (“IASB”). It was authorised for issue on 27 August 2021.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2020 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The interim financial report is unaudited, but has been reviewed by the Audit Committee of the Company.

The financial information relating to the financial year ended 31 December 2020 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory annual consolidated financial statements for the year ended 31 December 2020 are available from the Company’s registered office. The independent auditors have expressed an unqualified opinion on those financial statements in their report dated 25 March 2021.

2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to IFRSs issued by the IASB to these financial statements for the current accounting period:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, *Interest Rate Benchmark Reform – Phase 2*
- Amendment to IFRS 16, *Covid-19-Related Rent Concessions beyond 30 June 2021*

None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following five reportable segments based on the region in which the Group's business operates: Eastern China, Central China, Southern China, Western China and overseas. All segments are primarily engaged in manufacture sale and trading of clinkers and cement products. No operating segments have been aggregated to form the following reportable segments.

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines and geographical location of customers is as follows:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products of service lines		
– Sales of clinker, cement products and other materials	51,650,589	48,134,587
– Trading of clinker and cement products	18,079,622	15,359,275
– Trading of other materials	10,208,511	10,266,989
– Service income	494,143	246,044
	80,432,865	74,006,895
Disaggregated by geographical location of customers		
– Eastern China	29,330,124	26,690,657
– Central China	23,191,717	21,660,313
– Southern China	11,476,199	10,228,266
– Western China	14,957,047	13,951,803
– Overseas	1,477,778	1,475,856
	80,432,865	74,006,895

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in note 3(b).

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Information about profit or loss, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment in the interim financial statements prepared in accordance with Accounting Standards for Business Enterprises or referred to as China Accounting Standards ("CAS") issued by the Ministry of Finance of the PRC.

Disaggregation of revenue from contracts with customers by timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below:

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Information about profit or loss, assets and liabilities (Continued)

For the six months ended 30 June 2021

	Eastern China RMB'000	Central China RMB'000	Southern China RMB'000	Western China RMB'000	Overseas RMB'000	Subtotal RMB'000	Elimination RMB'000	Total RMB'000
Disaggregated by type of business								
Sales of clinker, cement products and other materials	16,196,621	15,834,033	9,127,209	9,053,174	1,439,552	51,650,589	-	51,650,589
Trading	12,750,205	7,287,136	2,343,460	5,879,431	27,901	28,288,133	-	28,288,133
Service Income	383,298	70,548	5,530	24,442	10,325	494,143	-	494,143
Revenue from external customers	29,330,124	23,191,717	11,476,199	14,957,047	1,477,778	80,432,865	-	80,432,865
Disaggregated by timing of revenue recognition								
Point in time	28,946,826	23,121,169	11,470,669	14,932,605	1,467,453	79,938,722	-	79,938,722
Over time	383,298	70,548	5,530	24,442	10,325	494,143	-	494,143
Revenue from external customers	29,330,124	23,191,717	11,476,199	14,957,047	1,477,778	80,432,865	-	80,432,865
Inter-segment revenue	2,200,966	14,830,696	381,654	232,979	93,009	17,739,304	(17,739,304)	-
Reportable segment revenue	31,531,090	38,022,413	11,857,853	15,190,026	1,570,787	98,172,169	(17,739,304)	80,432,865
Reportable segment profit (profit before taxation)								
	2,666,967	17,383,898*	2,983,948	2,137,418	(83,836)	25,088,395	(5,220,043)	19,868,352
Interest income	7,607	1,220,632	7,811	15,307	5,001	1,256,358	(119,902)	1,136,456
Interest expense	(31,153)	(117,279)	(22,256)	(47,832)	(96,656)	(315,176)	125,147	(190,029)
Depreciation and amortisation for the period	244,738	1,146,295	460,768	782,149	222,230	2,856,180	(9,752)	2,846,428
Reportable segment assets (including interests in an associate and joint ventures)	16,218,499	187,508,868	23,182,900	28,414,636	12,925,484	268,250,387	(67,342,808)	200,907,579
Investments in an associate and joint ventures	-	1,742,656	-	2,478,544	196,207	4,417,407	-	4,417,407
Additions to non-current segment assets during the period	202,709	3,246,457	705,426	814,710	193,332	5,162,634	-	5,162,634
Reportable segment liabilities	9,516,351	31,469,287	9,249,423	12,567,162	9,767,759	72,569,982	(43,331,628)	29,238,354

* Reportable segment profit of Central China includes dividend income from subsidiaries in Eastern China, Southern China, Western China and overseas regions of RMB5,242,288,000 for the six months ended 30 June 2021.

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Information about profit or loss, assets and liabilities (Continued)

For the six months ended 30 June 2020

	Eastern China RMB'000	Central China RMB'000	Southern China RMB'000	Western China RMB'000	Overseas RMB'000	Subtotal RMB'000	Elimination RMB'000	Total RMB'000
Disaggregated by type of business								
Sales of clinker, cement products and other materials	13,537,049	15,558,097	8,395,271	9,454,866	1,189,304	48,134,587	-	48,134,587
Trading	12,986,065	6,066,594	1,817,948	4,469,105	286,552	25,626,264	-	25,626,264
Service Income	167,543	35,622	15,047	27,832	-	246,044	-	246,044
Revenue from external customers	26,690,657	21,660,313	10,228,266	13,951,803	1,475,856	74,006,895	-	74,006,895
Disaggregated by timing of revenue recognition								
Point in time	26,523,114	21,624,691	10,213,219	13,923,971	1,475,856	73,760,851	-	73,760,851
Over time	167,543	35,622	15,047	27,832	-	246,044	-	246,044
Revenue from external customers	26,690,657	21,660,313	10,228,266	13,951,803	1,475,856	74,006,895	-	74,006,895
Inter-segment revenue	2,889,341	11,407,783	252,333	178,407	75,181	14,803,045	(14,803,045)	-
Reportable segment revenue	29,579,998	33,068,096	10,480,599	14,130,210	1,551,037	88,809,940	(14,803,045)	74,006,895
Reportable segment profit (profit before taxation)								
	2,621,411	25,769,294*	3,732,687	2,942,292	271,666	35,337,350	(13,840,890)	21,496,460
Interest income	8,614	1,141,866	6,859	9,982	6,535	1,173,856	(112,276)	1,061,580
Interest expense	(32,266)	(137,851)	(19,148)	(51,779)	(85,276)	(326,320)	109,717	(216,603)
Depreciation and amortisation for the period	(249,648)	(1,053,652)	(403,253)	(741,509)	(199,825)	(2,647,887)	5,126	(2,642,761)
Reportable segment assets (including interests in an associate and joint ventures)	16,340,917	142,586,550	16,970,603	26,937,984	13,665,096	216,501,150	(33,206,582)	183,294,568
Investments in an associate and joint ventures	-	1,670,798	-	2,150,990	288,820	4,110,608	-	4,110,608
Additions to non-current segment assets during the period	196,542	2,985,260	391,321	759,549	756,234	5,088,906	-	5,088,906
Reportable segment liabilities	9,639,115	9,665,903	3,701,167	11,039,748	10,020,956	44,066,889	(9,593,542)	34,473,347

* Reportable segment profit of Central China includes dividend income from subsidiaries in Eastern China, Southern China and Western China regions of RMB13,690,877,000 for the six months ended 30 June 2020.

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(c) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Revenue		
Reportable segment revenue	80,432,865	74,006,895
Consolidated revenue	80,432,865	74,006,895
Profit		
Reportable segment profit (profit before taxation)	19,868,352	21,496,460
Differences between CAS and IFRS*	17,837	17,882
Consolidated profit before taxation	19,886,189	21,514,342
	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Assets		
Reportable segment assets	200,907,579	200,972,758
Consolidated total assets	200,907,579	200,972,758
Liabilities		
Reportable segment liabilities	29,238,355	32,755,939
Difference between CAS and IFRS*	136,073	153,910
Consolidated total liabilities	29,374,428	32,909,849

* The differences mainly arise from the deferred income in respect of certain government grants recognised in profit and loss under IFRS.

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

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4 OTHER REVENUE AND NET INCOME

(a) Other revenue

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Interest income on financial assets measured at amortised cost	1,136,456	1,061,580
Subsidy income*	1,071,720	833,247
Investment income on wealth management products	388,181	388,735
Investment income on financial assets measured at FVOCI	624	-
	2,596,981	2,283,562

* Subsidy income mainly comprises refunds of value-added tax in connection with sales of certain cement products and government grants received.

(b) Other net (loss)/income

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Net gain/(loss) on disposal of property, plant and equipment	40,199	(18,206)
Net realised and unrealised gain/(loss) on financial assets measured at FVPL	201,611	(21,273)
Net exchange (loss)/gain	(398,137)	20,872
Others	25,435	30,454
	(130,892)	11,847

10. Financial Accounting Report (Unaudited)

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(Expressed in Renminbi Yuan unless otherwise indicated)

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Interest on bank loans and other borrowings	161,446	196,317
Interest on long-term payables	27,581	21,018
Interest on lease liabilities	1,002	1,292
Less: interest expense capitalised into construction-in-progress*	-	(2,024)
	190,029	216,603

* The Group has no interest expense capitalised into construction-in-progress for the six months ended 30 June 2021 (six months ended 30 June 2020: capitalised at interest rate of 2.48%).

(b) Staff costs:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Salaries, wages and other benefits	3,070,896	2,699,747
Contributions to defined contribution retirement plans	348,703	78,853
Annuity	152,997	130,181
	3,572,596	2,908,781

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

5 PROFIT BEFORE TAXATION (CONTINUED)

(c) Other items:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Depreciation of investment property and other property, plant and equipment	2,668,511	2,496,446
Amortisation of intangible assets	177,917	146,315
Cost of inventories*	57,485,822	50,489,663

* Cost of inventories includes RMB4,117,986,000 (six months ended 30 June 2020: RMB3,830,932,000) relating to staff costs and depreciation expenses which amount is also included in the respective total amounts disclosed separately above or in note 5(b) for each of these types of expenses.

6 INCOME TAX

Taxation in the consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Current tax		
Provision for the period	4,472,513	4,897,062
Under-provision in respect of prior year	4,853	29,197
	4,477,366	4,926,259
Deferred tax		
Origination and reversal of temporary differences	21,849	(48,049)
	4,499,215	4,878,210

No provision for Hong Kong Profits Tax was made for the six months ended 30 June 2021 and 2020 as the Group did not earn any income which is subject to Hong Kong Profits Tax.

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

6 INCOME TAX (CONTINUED)

The corporate income tax rates of the subsidiaries outside mainland China are as following:

Conch International Holding (HK) Co., Ltd. (“Conch International”), a subsidiary in Hong Kong	16.5%
Luangprabang Conch Cement Co., Ltd. (“Luangprabang Conch”) and Vientiane Conch Cement Co., Ltd. (“Vientiane Conch”), subsidiaries in Laos	24%
Conch Cement Volga Limited Liability Company (“Volga Conch”), a subsidiary in Russia	20%
Battambang Conch Cement Company Limited (“Battambang Conch”), a subsidiary in Cambodia (Note (i))	20%
Qarshi Conch Cement Limited Liability Company (“Qarshi Conch”), a subsidiary in Uzbekistan	7.5%
Conch KT Cement (Phnom Penh) Company Limited (“Phnom Penh Conch”), a subsidiary in Cambodia	20%
PT Conch Cement Indonesia (“Indonesia Conch”) a subsidiary in Indonesia	22%
PT Conch South Kalimantan Cement (“Indonesia South Conch”) a subsidiary in Indonesia	22%
PT Conch International Trade Indonesia (“Indonesia International Trade Conch”) a subsidiary in Indonesia	22%
PT Conch Maros South Sulawesi Mine (“South Sulawesi Conch”) a subsidiary in Indonesia	22%
PT Conch Maros Cement Indonesia (“Maros Conch”) a subsidiary in Indonesia	22%
PT Conch Barru Cement Indonesia (“Barru Conch”) a subsidiary in Indonesia	22%
PT Conch North Sulawesi Cement (“North Sulawesi Conch”) a subsidiary in Indonesia	22%
PT Conch West Kalimantan Trade Cement (“West Kalimantan Conch”) a subsidiary in Indonesia	22%
Tonga Conch Mining Co., Ltd. (“Tonga Mining”) a subsidiary in Indonesia	22%
Beisu Conch Mining Co., Ltd. (“Beisu Mining”) a subsidiary in Indonesia	22%

Note:

- (i) Battambang Conch was accredited as a Qualified Investment Project by the Cambodian Development Council in April 2016. According to local investment laws, it can enjoy income tax exemption for 9 years from the year when the company generates its revenue and income tax exemption for 6 years from the year when the company generates its profit, whichever is shorter. According to the policy, the income tax-free period for Battambang Conch is from 2018 to 2024.

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

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6 INCOME TAX (CONTINUED)

Other individual companies within the Group in the mainland China are generally subject to corporate income tax at 25% on taxable income determined according to the relevant income tax rules and regulations, except for:

Qianxinan Resource Development Co., Ltd. (“Qianxinan”) 黔西南州發展資源開發有限公司 (Note (i))	15%
Pingliang Conch Cement Co., Ltd. (“Pingliang Conch”) 平涼海螺水泥有限責任公司 (Note (i))	15%
Dazhou Conch Cement Co., Ltd. (“Dazhou Conch”) 達州海螺水泥有限責任公司 (Note (i))	15%
Guangyuan Conch Cement Co., Ltd. (“Guangyuan Conch”) 廣元海螺水泥有限責任公司 (Note (i))	15%
Chongqing Conch Cement Co., Ltd. (“Chongqing Conch”) 重慶海螺水泥有限責任公司 (Note (i))	15%
Liquan Conch Cement Co., Ltd. (“Liquan Conch”) 禮泉海螺水泥有限責任公司 (Note (i))	15%
Guiyang Conch Panjiang Cement Co., Ltd. (“Guiyang Conch”) 貴陽海螺盤江水泥有限責任公司 (Note (i))	15%
Guiding Conch Panjiang Cement Co., Ltd. (“Guiding Conch”) 貴定海螺盤江水泥有限責任公司 (Note (i))	15%
Zunyi Conch Panjiang Cement Co., Ltd. (“Zunyi Conch”) 遵義海螺盤江水泥有限責任公司 (Note (i))	15%
Qianyang Conch Cement Co., Ltd. (“Qianyang Conch”) 千陽海螺水泥有限責任公司 (Note (i))	15%
Bazhong Conch Cement Co., Ltd. (“Bazhong Conch”) 巴中海螺水泥有限責任公司 (Note (i))	15%
Wenshan Conch Cement Co., Ltd. (“Wenshan Conch”) 文山海螺水泥有限責任公司 (Note (i))	15%
Longan Conch Cement Co., Ltd. (“Longan Conch”) 隆安海螺水泥有限責任公司 (Note (i))	15%
Linxia Conch Cement Co., Ltd. (“Linxia Conch”) 臨夏海螺水泥有限責任公司 (Note (i))	15%

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(Expressed in Renminbi Yuan unless otherwise indicated)

6 INCOME TAX (CONTINUED)

Tongren Conch Panjiang Cement Co., Ltd. (“Tongren Conch”) 銅仁海螺盤江水泥有限責任公司 (Note (i))	15%
Guizhou Liukuangruian Cement Co., Ltd. (“Liukuangruian”) 貴州六礦瑞安水泥有限公司 (Note (i))	15%
Qianxian Conch Cement Co., Ltd. (“Qianxian Conch”) 乾縣海螺水泥有限責任公司 (Note (i))	15%
Sichuan Nanwei Cement Co., Ltd. (“Nanwei Cement”) 四川南威水泥有限公司 (Note (i))	15%
Yunnan Zhuangxiang Cement Co., Ltd. (“Zhuangxiang Conch”) 雲南壯鄉水泥股份有限公司 (Note (i))	15%
Liangping Conch Cement Co., Ltd. (“Liangping Conch”) 梁平海螺水泥有限責任公司 (Note (i))	15%
Baoji Zhongxi Fenghuangshan Cement Co., Ltd. (“Fenghuangshan”) 寶雞眾喜鳳凰山水泥有限公司 (Note (i))	15%
Baoji Zhongxi Jinlinghe Cement Co., Ltd. (“Jinlinghe”) 寶雞市眾喜金陵河水泥有限公司 (Note (i))	15%
Guangxi Lingyun Tonghong Cement Co., Ltd. (“Lingyun Tonghong”) 廣西凌雲通鴻水泥有限公司 (Note (i))	15%
Baoshan Conch Cement Co., Ltd. (“Baoshan Conch”) 保山海螺水泥有限責任公司 (Note (i))	15%
Ganzhou Conch Cement Co., Ltd. (“Ganzhou Conch”) 贛州海螺水泥有限責任公司 (Note (i))	15%
Hami Hongyi Construction Co., Ltd. (“Hami Construction”) 哈密弘毅建材有限責任公司 (Note (i))	15%
Yingjiangyunhan Cement Co., Ltd. (“Yingjiangyunhan”) 盈江縣允罕水泥有限責任公司 (Note (i))	15%
Kunming Conch Cement Co., Ltd. (“Kunming Conch”) 昆明海螺水泥有限公司 (Note (i))	15%
Shanxi Tongchuan Fenghuang Construction Co., Ltd. (“Fenghuang Construction”) 陝西銅川鳳凰建材有限公司 (Note (i))	15%

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(Expressed in Renminbi Yuan unless otherwise indicated)

6 INCOME TAX (CONTINUED)

Chongqing Conch Material Trading Co., Ltd. (“Chongqing Trading”) 重慶海螺物資貿易有限責任公司 (Note (i))	15%
Zunyi Haihui New Materials Co., Ltd. (“Zunyi Haihui”) 遵義海匯新材料有限責任公司 (Note (i))	15%
Basu Conch Cement Co., Ltd. (“Basu Conch”) 八宿海螺水泥有限責任公司 (Note (i))	15%
Anhui Wuhu Conch Construction and Installation Co., Ltd. (“Conch Construction”) 安徽蕪湖海螺建築安裝工程有限責任公司 (Note (ii))	15%
Anhui Conch Siam Refractory Material Co., Ltd. (“Refractory Material”) 安徽海螺暹羅耐火材料有限公司 (Note (ii))	15%

Notes:

- (i) Pursuant to Notice No.23 issued by the Ministry of Finance, State Administration of Taxation, National Development and Reform Commission of PRC on 23 April 2020 and relevant local tax authorities’ notices, these companies are entitled to a preferential income tax rate of 15% as qualifying companies located in western areas in the PRC.
- (ii) Pursuant to Chapter 28 of the Law of the PRC on Enterprise Income Tax, enterprises are entitled to a preferential income tax rate of 15% after the recognition of high and new technology enterprise.

Conch Construction has obtained a high and new technology enterprise certification in 2015 and obtained a renewed certification in 2021. Accordingly, it is entitled to a preferential income tax rate of 15% from 2021 to 2023.

Refractory Material has obtained a high and new technology enterprise certification in 2016 and obtained a renewed certification in 2019. Accordingly, it is entitled to a preferential income tax rate of 15% from 2019 to 2021.

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

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7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2021 is based on the profit attributable to ordinary equity shareholders of the Company of RMB14,968,080,000 (six months ended 30 June 2020: RMB16,086,075,000) and the weighted average number of shares in issue during the six months ended 30 June 2021 of 5,299,303,000 shares (six months ended 30 June 2020: 5,299,303,000 shares).

(b) Diluted earnings per share

The Company had no dilutive potential ordinary shares outstanding during the six months ended 30 June 2021 and 2020, therefore, diluted earnings per share is the same as the basic earnings per share.

8 INVESTMENT PROPERTIES

During the six months ended 30 June 2021, the Group leased out two properties with a carrying value of RMB5,554,000 (six months ended 30 June 2020: one property with a carrying value of RMB603,000) under operating lease and classified the properties as investment properties accordingly.

During the six months ended 30 June 2021, the Group transferred investment properties to other property, plant and equipment with a carrying amount of RMB4,134,000 (six months ended 30 June 2020: nil) due to the termination of the leasing agreement and change of intention to hold for own use.

The rental income earned by the Group from its investment properties during the six months ended 30 June 2021 and 2020 was immaterial.

9 OTHER PROPERTY, PLANT AND EQUIPMENT

(a) Right-of-use assets

During the six months ended 30 June 2021, the Group entered into a number of lease agreements for use of land, office buildings, and therefore recognised additions of right-of-use assets of RMB120,699,000 (six months ended 30 June 2020: RMB119,511,000).

(b) Acquisitions and disposals of owned assets

During the six months ended 30 June 2021, the Group acquired property, plant and equipment with a cost of RMB3,895,263,000 (six months ended 30 June 2020: RMB4,441,705,000).

Items of property, plant and equipment with a carrying amount of RMB129,381,000 were disposed of during the six months ended 30 June 2021 (six months ended 30 June 2020: RMB45,984,000), resulting in a net gain on disposal of RMB33,266,000 (six months ended 30 June 2020: a net loss of RMB18,206,000).

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

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10 LOANS AND RECEIVABLES

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Loans and receivables	683,771	655,236
Less: Current portion of non-current loans and receivables (note 15)	(151,760)	(195,520)
	532,011	459,716

As at 30 June 2021, loans and receivables of the Group mainly represent advances made to local government authorities and loans to related parties.

11 FINANCIAL ASSETS MEASURED AT FVOCI

	Note	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Financial assets measured at FVOCI (non-recycling)			
– Listed equity securities (Non-trading purpose)	(i)	244,591	319,465
– Unlisted equity investment (Non-trading purpose)	(ii)	71,776	71,776
		316,367	391,241

Note (i): Financial assets measured at FVOCI – listed equity securities held by the Group are shares in Anhui Xinli Finance Co., Ltd which is listed on the Shanghai Stock Exchange (“SSE”). The fair values of these investments are measured with reference to the respective quoted market prices as at 30 June 2021 and 31 December 2020.

Note (ii): As at 30 June 2021, the fair value of the unlisted equity investment is approximately the same as its cost.

10. Financial Accounting Report (Unaudited)

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12 FINANCIAL ASSETS MEASURED AT FVPL

	Note	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Current Financial assets measured at FVPL			
Wealth management products	(i)	20,537,437	26,882,714
Structured deposits	(i)	4,019,200	–
		24,556,637	26,882,714
Non-current Financial assets measured at FVPL			
Wealth management products	(ii)	3,427,688	–
		27,984,325	26,882,714

Note (i): As at 30 June 2021, the balance represents structured deposits and investments in short-term wealth management products. The principal amounts of these products are RMB24,000,000,000 (2020: RMB26,500,000,000) in total, and they bear interests at floating rates. They were classified as financial assets at FVPL at 30 June 2021 as their contractual cash flows are not solely payments of principal and interest.

Note (ii): As at 30 June 2021, the balance represents investments in long-term wealth management products. The principal amounts of these products are RMB3,400,000,000 (2020: RMB0) in total, and they bear interests at floating rates. These products will expire in the second half of 2022 and thereafter. They were classified as financial assets at FVPL at 30 June 2021 as their contractual cash flows are not solely payments of principal and interest.

10. Financial Accounting Report (Unaudited)

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13 INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Raw materials	4,286,537	2,467,527
Work in progress	292,507	249,188
Finished goods	3,577,685	3,546,840
Spare parts	555,042	738,060
	8,711,771	7,001,615

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Carrying amount of inventories sold	57,517,970	51,181,403

All of the inventories are expected to be recovered within one year.

10. Financial Accounting Report (Unaudited)

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14 TRADE AND BILLS RECEIVABLES

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Trade debtors	1,102,683	1,215,220
Less: Credit loss allowance	(13,735)	(12,904)
	1,088,948	1,202,316
Bank acceptance notes receivable, carried at amortised cost	7,381,690	6,589,858
Commercial acceptance notes receivable, carried at amortised cost	52,610	11,341
Bank acceptance notes receivable, carried at FVOCI	2,463,637	3,085,316
	10,986,885	10,888,831

(a) Ageing analysis

The following ageing analysis of trade debtors (net of loss allowance) are based on invoice date as of the statement of financial position date:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Within 1 year	1,088,533	1,201,451
1 to 2 years	415	865
	1,088,948	1,202,316

Trade debtors are due within 30 to 60 days from the date of billing, except for retention money in respect of certain sales contracts which is due upon the expiry of the retention period.

Bank acceptance notes receivable are due within 1 year from the date of issuance.

10. Financial Accounting Report (Unaudited)

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14 TRADE AND BILLS RECEIVABLES (CONTINUED)

(b) Endorsed bank acceptance notes and commercial acceptance notes

As at 30 June 2021, the Group endorsed the undue bank acceptance notes receivable of RMB6,352,470,000 (31 December 2020: RMB8,444,014,000) to its suppliers to settle trade payables of the same amounts and derecognised these bank acceptance notes receivable and the payables to suppliers in their entirety as the Group's management considered that the risks and rewards of ownership of these undue bank acceptance notes have been substantially transferred. The Group's continuous involvement in these derecognised undue bank acceptance notes receivable is limited to when the issuance banks of these undue bank acceptance notes are unable to settle the amounts due to the holders of these bank acceptance notes. As at 30 June 2021, the maximum exposure to loss from its continuous involvement represents the amounts of bank acceptance notes receivable of RMB6,352,470,000 (31 December 2020: RMB8,444,014,000), which the Group endorsed to its suppliers. The endorsed undue bank acceptance notes receivable will be derecognised if management consider, based on its 'risks and rewards' evaluation, that the Group has transferred substantially all of the risks and rewards of ownership of the bank acceptance notes receivable.

As at 30 June 2021, undue bank acceptance notes receivable of RMB1,795,775,000 (31 December 2020: RMB1,499,633,000) and commercial acceptance notes receivable of RMB43,610,000 (31 December 2020: 340,000) endorsed to its suppliers to settle the trade payables were not derecognised because management believed that the risks and rewards of ownership were not substantially transferred. The associated trade payables were also not derecognised. The carrying amounts of these undue bank acceptance notes receivable, commercial acceptance notes receivable and trade payables approximate its fair values. All these undue bank acceptance notes receivable and commercial acceptance notes were due within 1 year.

(c) Bank acceptance notes receivable, carried at FVOCI

Due to the requirement of cash management, the Group endorsed part of the bank acceptance notes receivable to the suppliers. The business model of bank acceptance notes management is for the purpose of collecting cash flow of contracts and sales. Therefore, the Group classified bank acceptance notes receivable of RMB2,463,637,000 (31 December 2020: RMB3,085,316,000) as bank acceptance notes receivable carried at FVOCI.

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

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15 PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Purchase prepayments	2,997,408	3,409,410
Current portion of loans and receivables (note 10)	151,760	195,520
Value-added tax recoverable and other tax prepayment	720,378	566,450
Other receivables	1,832,726	1,630,779
	5,702,272	5,802,159

All of the prepayments and other receivables are expected to be recovered within one year.

16 CASH AND CASH EQUIVALENTS

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Bank deposits with original maturity within three months	14,327	8,129,545
Cash at bank and on hand	7,155,824	8,532,673
Other cash and cash equivalents	27	14,166
Cash and cash equivalents in the consolidated statement of financial position and cash flow statement	7,170,178	16,676,384

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

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17 TRADE AND BILLS PAYABLES

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Trade payables	5,565,665	4,565,797
Bills payables	37,000	-
	5,602,665	4,565,797

(a) Ageing analysis

The following ageing analysis of trade payables are based on invoice date as of the statement of financial position date:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Within 1 year (inclusive)	5,565,665	4,565,797

Bills payables are due within 1 year from the date of issuance.

18 BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings are as follows:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Current bank loans and other borrowings		
Unsecured bank loans	3,379,018	3,109,211
Non-current bank loans and other borrowings		
Unsecured bank loans	2,937,555	3,309,680
Unsecured debentures	3,498,539	3,498,370
	6,436,094	6,808,050

In November 2012, the Company issued corporate bonds with an aggregate principal amount of RMB3,500,000,000 with a maturity period of 10 years ("10-year bond"). The 10-year bond carried fixed annual interest rate of 5.10%, which is paid annually.

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18 BANK LOANS AND OTHER BORROWINGS (CONTINUED)

The Company repurchased a principal amount of RMB1,000,000 of 10-year bond on 7 November 2019. The remaining principal amount of the 10-year bond will be fully repayable on 7 November 2022.

Conch Holdings provides unconditional and irrevocable joint liability guarantee for the above corporate bonds over the respective maturity period.

At 30 June 2021 and 31 December 2020, the bank loans were repayable as follows:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Within 1 year or on demand	3,379,018	3,109,211
After 1 year but within 2 years	1,491,555	1,245,180
After 2 years but within 5 years	861,000	1,563,500
After 5 years	585,000	501,000
Total non-current bank loans	2,937,555	3,309,680
	6,316,573	6,418,891

19 CAPITAL, RESERVES AND DIVIDENDS

(a) Reserves

Fair value reserve (non-recycling)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under IFRS 9 that are held at the end of the reporting period.

(b) Dividends

Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of RMB2.12 per share (six months ended 30 June 2020: RMB2.0 per share)	11,234,521	10,598,605

The board of directors does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

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19 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose adjusted net debt is calculated as bank loans and other borrowings plus lease liabilities and unaccrued proposed dividends, less cash and cash equivalents. Adjusted capital represents total equity attributable to equity shareholders of the Company, less unaccrued proposed dividends.

In 2021, the Group's strategy, which was unchanged from 2020, was to maintain the adjusted net debt-to-capital ratio at a range considered reasonable by management. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

10. Financial Accounting Report (Unaudited)

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(Expressed in Renminbi Yuan unless otherwise indicated)

19 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Capital management (continued)

The Group's adjusted net debt-to-capital ratio at the end of the current and previous reporting periods was as follows:

	NOTE	30 June 2021 RMB'000	31 December 2020 RMB'000
Current liabilities:			
Bank loans and other borrowings	18	3,379,018	3,109,211
Lease liabilities		9,913	17,107
Current portion of long-term payables		61,347	519,477
Non-current liabilities:			
Bank loans and other borrowings	18	6,436,094	6,808,050
Lease liabilities		15,223	23,323
Long-term payables		366,522	397,439
Total debt		10,268,117	10,874,607
Add: Proposed dividends		-	11,234,521
Less: Cash and cash equivalents	16	(7,170,178)	(16,676,384)
Adjusted net debt		3,097,939	5,432,744
Total equity attributable to equity shareholders			
of the Company		165,223,806	161,680,795
Less: Proposed dividends		-	(11,234,521)
Adjusted capital		165,223,806	150,446,274
Adjusted net debt-to-capital ratio		1.87%	3.61%

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(Expressed in Renminbi Yuan unless otherwise indicated)

20 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

(i) Financial instruments carried at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1: Fair values measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3: Fair value measured using significant unobservable inputs

(ii) Fair value hierarchy

	Fair value measurements as at 30 June 2021			
	Fair value at 30 June 2021 RMB'000	categorised into		
		Quoted prices in active market for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurement				
Financial assets:				
Financial assets measured at FVPL:				
– Structured deposits	4,019,200	–	4,019,200	–
– Wealth management products	23,965,125	–	23,965,125	–
Financial assets measured at FVOCI:				
– Listed equity securities	244,591	244,591	–	–
– Unlisted equity securities	71,776	–	–	71,776
– Bank acceptance notes	2,463,637	–	2,463,637	–
	30,764,329	244,591	30,447,962	71,776

10. Financial Accounting Report (Unaudited)

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(Expressed in Renminbi Yuan unless otherwise indicated)

20 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial assets and liabilities measured at fair value (Continued)

(ii) Fair value hierarchy (Continued)

	Fair value measurements as at 31 December 2020 categorised into			
	Fair value at 31 December 2020 RMB'000	Quoted prices in active market for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurement				
Financial assets:				
Financial assets measured at FVPL:				
– Wealth management products	26,882,714	–	26,882,714	–
– Derivative financial instruments	–	–	–	–
Financial assets measured at FVOCI:				
– Listed equity securities	319,465	319,465	–	–
– Unlisted equity securities	71,776	–	–	71,776
– Bank acceptance notes	3,085,316	–	3,085,316	–
	30,359,271	319,465	29,968,030	71,776

During the six months ended 30 June 2021, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2020: Nil).

Valuation techniques and inputs used in Level 2 fair value measurements

For structured deposits and wealth management products that are measured at FVPL, the fair value is determined by calculating based on the discounted cash flow method.

For bank acceptance notes that are measured at FVOCI, the fair value is estimated as the present value of the future cash flows, discounted at the market interest rates at the end of the reporting period.

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

20 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial assets and liabilities measured at fair value (Continued)

(ii) Fair value hierarchy (Continued)

Valuation techniques and inputs used in Level 3 fair value measurements

The fair value of unlisted equity securities is determined based on medium market multiples (e.g. price-to-earnings ratio, price-to-sales ratio) of comparable companies or comparable transactions with a discount for lack of marketability as appropriate. Since the operating and financial status of the invested company has not undergone major changes, the fair value of unlisted equity securities is approximate to the cost of obtaining the equity securities.

(b) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2021 and 31 December 2020.

21 COMMITMENTS

Capital commitments outstanding at 30 June 2021 not provided for in the interim financial report

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Contracted for	4,888,728	3,798,327
Authorised but not contracted for	4,151,414	1,426,512
	9,040,142	5,224,839

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

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22 MATERIAL RELATED PARTY TRANSACTIONS

(a) Related parties information

Name of related party	Nature of relationship
Conch Holdings 安徽海螺集團有限責任公司	Substantial shareholder of the Company
China Conch Venture Holdings Limited ("China Conch Venture") 中國海螺創業控股有限公司	Major shareholder of Conch Holdings
Conch Profiles and Science Co., Ltd. and its subsidiaries ("Conch Profiles and Science and its subsidiaries") 蕪湖海螺型材科技股份有限公司及其附屬公司	Subsidiary of Conch Holdings
Wuhu Conch International Hotel Co., Ltd. ("WH Conch Hotel") 蕪湖海螺國際大酒店	Subsidiary of Conch Holdings
Anhui Conch Construction Materials Design Centre Co., Ltd. ("Conch Design Institute") 安徽海螺建材設計研究院	Subsidiary of Conch Holdings
Anhui Conch Information Technology Engineering Co., Ltd. ("Conch IT Engineering") 安徽海螺信息技術工程有限責任公司	Subsidiary of Conch Holdings
Conch New Materials Co., Ltd. and its subsidiaries 安徽海螺新材料科技有限公司及其附屬公司	Subsidiary of Conch Holdings
Conch New Energy Co., Ltd. and its subsidiaries ("Conch New Energy and its subsidiaries") 安徽海螺新能源有限公司及其附屬公司	Subsidiary of Conch Holdings
Anhui Jinggong Testing and Inspection Center Co., Ltd. ("Jinggong Testing") 安徽精公檢測檢驗中心有限公司	Subsidiary of Conch Holdings
Wuhu Conch Trading Co., Ltd. ("WH Trading") 蕪湖海螺貿易有限公司	Subsidiary of Conch Holdings

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

22 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Related parties information (Continued)

<u>Name of related party</u>	<u>Nature of relationship</u>
Anhui International Trade Group Holding Co., Ltd. and its subsidiaries ("Anhui International Trade and its subsidiaries") 安徽國貿集團控股有限公司及其附屬公司	Subsidiary of Conch Holdings
Anhui Conch Kawasaki Engineering Co., Ltd. and its subsidiaries ("CK Engineering and its subsidiaries") 安徽海螺川崎工程有限公司及其附屬公司	Subsidiary of China Conch Venture
Anhui Conch Kawasaki Energy Conservation Equipment Manufacturing Co., Ltd. ("CK Equipment") 安徽海螺川崎節能設備製造有限公司	Subsidiary of China Conch Venture
Yangzhou Haichang Port Industrial Co., Ltd. ("HC Port") 揚州海昌港務實業有限責任公司	Subsidiary of China Conch Venture
Anhui Haizhong Environmental Protection Co., Ltd. and its subsidiaries ("Haizhong Environmental and its subsidiaries") 安徽海中環保有限責任公司及其附屬公司	Subsidiary of China Conch Venture
Anhui Conch Environmental Protection Group Co., Ltd and its subsidiaries ("Conch Environmental Protection and its subsidiaries") 安徽海螺環保有限責任公司及其附屬公司	Subsidiary of China Conch Venture
Haichuang International Holdings (Hongkong) Limited ("Haichuang HK") 海創國際控股(香港)有限公司	Subsidiary of China Conch Venture
Anhui Conch Venture New Energy-saving Construction Material Co., Ltd. ("Conch Venture Green") 安徽海創新型節能建築材料有限責任公司	Subsidiary of China Conch Venture
Bozhou Conch Venture New Energy-saving Construction Material Co., Ltd. ("Bozhou Conch Venture Green") 亳州海創新型節能建築材料有限責任公司	Subsidiary of China Conch Venture

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22 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Related parties information (Continued)

Name of related party	Nature of relationship
Wuhu Conch Investment Co., Ltd. and its subsidiaries ("WH Investment and its subsidiaries") 蕪湖海螺投資有限公司及其附屬公司	Subsidiary of China Conch Venture
Wuhu Conch Venture Enterprise Limited ("Conch Venture Wuhu") 蕪湖海創實業有限責任公司	Subsidiary of China Conch Venture
WH Electric Conch Clean Energy Co., Ltd. ("Clean Energy") 蕪湖市國家電投海螺清潔能源有限公司	Joint venture of the subsidiary of Conch Holdings
Sino-Myanmar International Trading Co., Ltd. ("Sino-Myanmar International") 中緬 (蕪湖) 國際貿易有限公司	Joint venture of the Company
Myanmar Conch Cement Company Limited ("Myanmar Conch") 緬甸海螺水泥有限公司	Joint venture of the Company
Myanmar Conch Cement (Yangon) Company Limited ("Yangon Conch") 緬甸海螺 (仰光) 水泥有限公司	Joint venture of the Company
PT Eternal Richway 印尼富恒利有限公司	Joint venture of the Company
PT SULUT SOLOG TAMBANG 蘇魯特索隆礦山	Joint venture of the Company
Huaibei Mining Xiangshan Cement Company Limited ("Xiangshan Cement") 淮北礦業相山水泥有限責任公司	Joint venture of the Company
West China Cement Limited ("West Cement") 中國西部水泥有限公司	Associate of the Company
Chengli Construction Material 建德市成利建材有限公司	Under the trust of the Group

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22 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Related parties information (Continued)

<u>Name of related party</u>	<u>Nature of relationship</u>
Anhui Conch Kawasaki Equipment Manufacturing Co., Ltd. ("Conch Kawasaki Equipment") 安徽海螺川崎裝備製造有限公司	Joint venture of the Company
PT SDIC Papua Cement Indonesia ("Papua Cement") 國投印尼巴布亞水泥有限公司	Joint venture of the Company

(b) Transactions between the Group and related parties

The Group has entered into the following material related party transactions:

(i) Transactions with Conch Holdings

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Receiving services and purchase of goods	15,945	16,244
Purchase of right of use assets	–	4,672
Interest expense on lease liabilities	71	106
Provision of services and sales of goods	875	857

As at 30 June 2021, the corporate bonds amounting to RMB3,500,000,000 (31 December 2020: RMB3,500,000,000) as disclosed in note 18 are guaranteed by Conch Holdings.

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22 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions between the Group and related parties (Continued)

(ii) Transactions with other related parties

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Sales of goods	197,821	230,712
Sales of assets	17,439	1,958
Provision of services	65,367	60,760
Purchase of property, plant and equipment	554,446	140,729
Purchase of raw materials	1,599,993	1,305,624
Interest expense on lease liabilities	20	30
Receiving services	237,544	166,922
Interest income on loans	595	800

(iii) Loan guarantees provided to other related parties

	At 30 June	At 31 December
	2021	2020
	RMB'000	RMB'000
Papua Cement	800,067	855,052
Myanmar Conch	24,710	44,043
	824,777	899,095

(c) Key management personnel remuneration

Remuneration for key management personnel of the Group is as follows:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Short-term employee benefits	3,267	3,083
Post-employment benefits	192	100
	3,459	3,183

The above remuneration is disclosed in "staff costs" (see note 5(b)).

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22 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Amounts due from/to related parties

(i) Due from related parties

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Papua Cement	8,345	25,094
Conch Kawasaki Equipment	37,501	43,080
Conch Design Institute	7,392	2,706
CK Equipment	51,971	56,753
Myanmar Conch	11,456	28,896
WH Investment and its subsidiaries	10,109	18,822
CK Engineering and its subsidiaries	32,130	24,163
Xiangshan Cement	22,090	22,465
Chengli Construction Material	1,486	2,182
PT Eternal Richway	31,704	29,658
Other related parties	36,179	38,335
	250,363	292,154

(ii) Due to related parties

(a) Lease liabilities due to related parties

	At 30 June 2021 (Note i) RMB'000	At 31 December 2020 (Note i) RMB'000
Conch Holdings	2,403	3,186
HC Port	855	1,016
WH Conch Hotel	7	14
	3,265	4,216

Note i: The amount of lease liabilities due to related parties are included in total lease liabilities.

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22 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Amounts due from/to related parties (Continued)

(ii) Due to related parties (Continued)

(b) Other amounts due to related parties

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Conch Kawasaki Equipment	23,570	26,659
CK Equipment	29,333	27,702
Papua Cement	12,800	18,731
Conch IT Engineering	51,779	25,980
CK Engineering and its subsidiaries	19,656	8,023
Conch Design Institute	98,591	67,112
Other related parties	210,047	209,717
	445,776	383,924

23 CONTINGENT LIABILITIES

At 30 June 2021, outstanding letters of credit issued by the Group amounted to approximately RMB199,561,000 (31 December 2020: RMB142,146,000).

At 30 June 2021, the Group issued guarantees in relation to banking facilities to its related parties, Papua Cement and Myanmar Conch, amounting to RMB824,777,000 in aggregate (31 December 2020: RMB899,095,000). These facilities were utilised to the extent of RMB824,777,000 as at 30 June 2021 (31 December 2020: RMB899,095,000).

Anhui Conch Cement Company Limited
Wang Cheng
Chairman
27 August 2021